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CANADA

Royal Commission on Conditions of Foreign Service





CANADA

*Royal Commission
on
Conditions of
Foreign Service*



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**TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL**

MAY IT PLEASE YOUR EXCELLENCY

I, the Commissioner appointed by Order in Council dated 27th August 1980, as revised and amended on 12th September 1980 and 2nd October 1980, to inquire into and report on changes in the conditions of foreign service and on steps that the Government might take to accommodate them in the context of its approach to the legal, administrative and operational frameworks of the Foreign Service: Beg to submit to your Excellency the following Report.

A handwritten signature in cursive script that reads "Pamela A. McDougall".

Pamela A. McDougall

Commissioner

21 October 1981

TERMS OF REFERENCE OF THE COMMISSION

(1) *Order in Council P.C. 1980-2336 approved by His Excellency the Governor General on August 27, 1980**

Whereas the Committee of the Privy Council has had before it a report of the Prime Minister submitting:

That changes in the scope and content of international relations, in the methods by which those relations are conducted and the conditions and circumstances under which members of the foreign service and their families choose to live in Canada and under which they must live while abroad may not have been adequately recognized in the management of the foreign service;

That failure to take adequate account of these changes could be leading to a decline in the incentives for service abroad and could affect the motivation that has underlain the high professional standards of the Foreign Service and given Canada an enviable reputation for the effectiveness with which its interests are served; and

That the Government wishes to ensure that these high standards are maintained and that the people of Canada continue to benefit from this level of service.

It is, therefore, in the national interest that an inquiry be made into how these changes should be reflected in the Government's approach to the management of foreign service personnel and related foreign service operations.

* As amended by Orders in Council P.C. 1980-2457 (12 September 1980) and P.C. 1980-2626 (2 October 1980).

The Committee, on the recommendation of the Prime Minister, therefore, advise that, pursuant to Part I of the Inquiries Act, Your Excellency in Council may be pleased to appoint, effective September 1, 1980, Pamela A. McDougall as Commissioner to examine into changes in the conditions of foreign service and to report on steps that the Government might take to accommodate them in the context of its approach to the legal, administrative and operational frameworks of the Foreign Service, with particular attention to:

- (a) the views of persons serving in the foreign service and their families;
- (b) the views of organizations and associations representing members of the foreign service and their families;
- (c) the views of the departments and agencies responsible for the management of the foreign service; and
- (d) the views of persons both within and outside of Government who make direct use of the foreign service.

The Committee further advise:

1. That the Commissioner be authorized to adopt such procedures and methods as she may from time to time deem expedient for the proper conduct of the inquiry and may sit at such times and at such places in Canada and abroad as she may decide from time to time;
2. That the Commissioner be authorized to exercise all the powers conferred upon her by section 11 of the Inquiries Act;
3. That the officers and employees of departments and agencies of the Government of Canada render such assistance to the Commissioner as she may require for her activities;
4. That the Commissioner be authorized to engage the services of such counsel, staff and technical advisers as she may require at rates of remuneration and reimbursement to be approved by Treasury Board; and
5. That the Commissioner be required to submit a report no later than November 1st, 1981, and file with the Public Archives of Canada the papers and records of the Commission as soon as possible after the conclusion of the inquiry.

(2) *Prime Minister's letter to the Commissioner*

Ottawa
August 28, 1980

Miss Pamela A. McDougall
Deputy Minister of National
Health and Welfare
Jeanne Mance Building
Tunney's Pasture
Ottawa, Ontario
K1A 0K9

Dear Miss McDougall:

I was very pleased to hear that you had agreed to undertake a Study of the Foreign Service. Attached is a copy of the order-in-council which provides the legal basis for your work and which describes your objectives. However, since it is necessarily brief, I should like now to set out my views on the general problem and some of the particular questions which I should like you to examine.

When I announced my decision that the Foreign Service should be consolidated, I spoke of your projected Study in the following terms:

“I wish to touch on the dissatisfaction which seems to be prevalent in the foreign service; a dissatisfaction which relates to the roles of Foreign Service Officers, the various roles of the foreign service itself and how both of these are perceived, both within the foreign service and externally. Related to this is a sense of dissatisfaction with foreign service conditions.”

In addition, I said that your Study should

“look into the foreign service from the point of view of those who are actually called upon to carry out this work as well as from the point of view of their families”.

My concern is that this dissatisfaction to which I referred may be undermining the motivation of the members of the foreign service. It is for this reason that I stated that your Study had to relate to the views of those actually in the service and their families. There will be room in the Study, I am sure, for consideration of the views of those who manage the foreign service and of those outside government, but I would hope that you could put the emphasis on contacts, either personal or by letter, with the members of the foreign service. Also, as mentioned in the order-in-council, you will want to meet with representatives of the foreign service staff and community associations.

While your Study must deal with perceptions of foreign service roles, I must underline that it is not meant to be an inquiry into the role of the foreign service. Rather, I would hope that you would be able to provide advice on how changes in that role should be reflected in how we relate to those who carry it out. Part of the problem — and this is a point on which I would be grateful to have your views — may be that general perceptions of the foreign service, as

well as perceptions within the ranks of that service, are based on a concept of diplomatic practice grounded in an age which has disappeared and which, in any case, predates Canadian experience. Traditional concepts of foreign service have diminished relevance in an era of instantaneous, world-wide communications, in which there is increasing reliance on personal contacts between senior members of governments, and in which international relations are concerned with progressively more complex and technical questions. However, I am not convinced that our approach to foreign service adequately reflects this new era.

It is in this context of change and of the need to accommodate ourselves to it that I hope you will be able to provide some guidance on how we might encourage and preserve the high degree of motivation which has characterized the Canadian Foreign Service. Putting it another way, while I spoke of reports of dissatisfaction both within and outside the foreign service related to the roles of that service and of those commissioned to carry it out, it was not my intention to question those roles. What it is essential to know is why the carrying out of them no longer provides the satisfaction which it should.

Tied to this question is the reported sense of dissatisfaction with foreign service conditions. Here again, I am not questioning the adequacy of what we have done in the past. Rather, I want to know how adequately we have accommodated to the changes which have occurred in social and individual values and to the differences between life in a stable, prosperous society such as ours here at home and a great many of the places in which members of the Foreign Service must live today.

Some of the factors which come to mind here are the climate of violence which prevails in far too many places, the aspirations of women in Canadian society, the growing recognition of the need to provide full equality for both partners in Canadian marriages and how foreign service can stand in the way of this, and the pressures of foreign service on family life and the disruptions to that life which such service can cause and which fewer Canadians are willing to accept.

One of the reasons for a declining sense of motivation in the foreign service may be based in the related facts of the growth of that service and its increasing reliance on systematic and bureaucratized management. I would hope that you would be able to enquire into the perception of foreign service management from our posts abroad and suggest possible improvements. For example, it has been suggested that it is unrealistic to expect people in the foreign service as well as our posts abroad to be managed in the same way and according to the same regulations as apply to the domestic public service and to domestic operations. Therefore, it might be useful to consider whether we need a separate foreign management system. Similarly, I think it would be useful to know what other countries do when confronted with the particular problems of management abroad.

I hope that your approach to your task will reflect my concern about the individuals who are called upon to staff our foreign service, at both the officer and support staff levels, as well as those of their families. While you will not be able to meet with every member of the foreign service and every member of their families, I would hope that you would try to meet as many of them as possible in as many of our posts as possible. I would hope that no member of

the foreign service would feel inhibited in talking or writing to you about any problem. Notwithstanding that your report and your recommendations will become part of the public record, please let me assure you that I will not allow anything to be done which would call into question the confidentiality of any communication between you and any employee or family member.

While the administrative arrangements which must be made to support this Study will be the responsibility initially of the Privy Council Office and while the costs of your Study will be borne out of Privy Council funds, I have asked my colleagues in the Government to provide you with whatever assistance you require.

As a last point, I would be grateful if you would report back by 1 November 1981. I know that this does not give you a long time in which to do everything that you will have to do, but what is required of you is not a detailed plan of action but advice and guidance on where we are going wrong and how we should move to correct this. I feel that you are particularly well qualified to provide this advice and guidance and look forward to reading your report. Once again, thank you for accepting this responsibility.

Yours sincerely,
Pierre E. Trudeau

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PART I

**Report
of the
Royal
Commission
on Conditions
of
Foreign
Service**

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INTRODUCTION

What is my mandate? In broadest terms I take it to be to inquire into the effects of change — social, economic, political, technological — on employees and families in the foreign service and on the employer as well. If the fallout from these changes is undermining the efficiency and effectiveness of the foreign service, I am to recommend new directions the Government might take, policies or approaches they might implement to mitigate these effects. To do so, it was necessary to determine whether change has indeed contributed to a decline in the incentive for serving abroad and has affected the motivation that has until now underlain the high professional standards of the foreign service. I was to pay special attention to the views of employees and their families.

The Prime Minister posed three specific questions that need to be answered:

1. Why does the carrying out of the various roles and functions of the foreign service no longer provide the satisfaction it should?
2. How adequately has the employer accommodated the changes that have occurred in social and individual values and the differences between life in a stable, prosperous society such as Canada and many of the places in which foreign service members must live today?
3. Do we need a separate foreign service management system?

Where to start? When I took on this inquiry I was ten years past my last overseas posting — Poland — and five years away from my last External Affairs assignment — the Bureau of Economic and Scientific Affairs. My mind had been focused on quite unrelated matters and my perceptions, hang-ups, prejudices were outdated. Perhaps this gave me one advantage — a fairly open and, I hope, objective point of view. But I lacked a staff, a plan and, most important of all, the data, the input of others on which to base my conclusions, form my judgements as to new directions and shape the most reasonable and feasible recommendations possible within the time constraints facing me.

Thanks to the co-operation and support of both the public and private sectors, I was fortunate to gather quickly around me an intelligent, knowledgeable and dedicated staff, broadly representative of the different entities forming and using the foreign service.

My chief concern at the outset was to contact the foreign service community as quickly and as effectively as possible, particularly those outside Canada at 119 posts in every region of the world. Parallel priorities were to seek the views of the managers of the foreign service, both in departments and at the centre, and of foreign service clients — other government departments and agencies, provincial governments, the private sector, the general public. I needed also to form a picture of how others, Canadian and non-Canadians, manage their foreign services under today's conditions. Most important — because I was a one-person Commission of Inquiry — I had to immerse myself personally in each one of these areas, so that at the end of the exercise I could satisfy myself as well as others that I had seen under and around as many stones as possible, that I had listened personally and understood the basic issues and concerns, so often hidden under an avalanche of opinion, irrelevancies, detail, prejudice, narrowness of view or honest misunderstanding.

An impossible task? Undoubtedly, but one has to aim high in order to offset the forces of nature and of man. Because this was essentially an inquiry about people, their perceptions, their needs and their aspirations, I decided early on to stress the informal, person-to-person side of my investigations. I needed to have my interlocutors 'tell it like it is' (or like it seems) without fear of misunderstanding or reprisal. The sometimes adversarial and often 'gallery-oriented' nature of formal inquiries would not serve my purpose. Rather than take evidence under oath, I required confidential views followed by dialogue and discussion about the various issues and the range of options for change.

To hear the foreign service community — and by this I mean employees *and* their spouses *and* their children — I used both the direct and written approach. Together, my teams and I visited more than 40 per cent of our posts, covering every region of the world and posts at every level of hardship, and made ourselves available to meet with over 60 per cent of the some 1800 employees and 1100 spouses serving abroad. My own travels encompassed, in a period of eight months, approximately 121,600 kilometres, 25 posts and about 45 per cent of employees and spouses. On these visits I received and discussed written submissions, held group discussions, interviewed a cross-section of mission staff and their spouses and recharged my own batteries of information about conditions of foreign service. For me, it was impossible to escape a certain sense of *déjà vu*; twenty-seven years of intimate and direct involvement in the living and working conditions of the foreign service are not so easily expunged. But so much has changed — people, conditions, attitudes and priorities — that to a large extent the Service is unrecognizable in 1960 terms.

To enable us better to test the perceptions, satisfactions and concerns of all the foreign service community at home and abroad, we commissioned and distributed separate questionnaires to employees, spouses and dependents. The responses helped to develop the statistical data against which we could check

views formed on the basis of more subjective sources of information. Written submissions were also requested, either directly or by public advertisement, from the community, from ex-foreign service members, from the varied clients mentioned earlier, from departmental and central management and from the general public.

Those who live and work under a system will tell you what's wrong with the system. Those who run the system will emphasize what's right. If individuals are asked to speak frankly and confidentially about their living and working environments, they are more likely to focus on current irritants than on broader satisfactions and motivations. Managers are naturally inclined to look on the bright side, to be defensive or to be cynical about the possibilities for change. These human reactions have all been evident in the course of my inquiry. The likelihood of such reactions was undoubtedly accepted by the Government in giving me my mandate. I have in any event made due allowance for it throughout my deliberations and discussions.

A separate research group collected information on how other corporate bodies — Canadian, foreign and international — operate in the foreign milieu. They gathered comparative data on benefits packages as well as on management approaches to the solution of problems common to most overseas activities today.

Early evidence of deep-seated concern in the foreign service community about the post index system prompted me to commission outside consultants to study this complex, controversial and highly technical means of ensuring the maintenance of the purchasing power of foreign service employees under current extraordinary inflationary pressures and fluctuating exchange rates.

Phase I of my inquiry was the data-gathering period. Phase II involved the analysis of this data under certain convenient headings. The first process of synthesis occurred in Phase III when my senior advisors directed the preparation of staff reports on the key areas of study, identifying the issues, the perceptions, the conclusions and the possible options for change. Throughout this period I met with members of the Ottawa-based foreign service community, with management and the unions, with the Foreign Service Community Association, with Ministers, Deputy Ministers and senior officials of departments and central agencies, and with many individuals and organizations interested in my mandate. These meetings helped me to understand varying points of view about the foreign service and foreign operations and to appreciate the reasons why different groups, power centres and individuals see the problems and their solutions through contrasting optics.

In my special efforts to understand the role and functions of the foreign service in the broader perspective of changing international relations and national priorities, I was fortunate to obtain the lively co-operation of a distinguished group of Canadians and Americans. Their intensive and extensive discussions at a Colloquium on the Role of the Foreign Service, which we held in July 1981, are summarized in a background paper in Part III of this report.

They are by no means the only ones to have responded so whole-heartedly to my interests and my questions. Members of the foreign service community around the world made special and often extraordinary efforts to respond in a positive and helpful way to my team members and myself. Cynicism over the likely results of my inquiry was often apparent, but in the great majority of cases this was counteracted by a genuine wish to communicate and to make a contribution. This is witnessed by the 314 individual and group submissions I received from 806 people all over the world irrespective of whether they were to see us or not; by the pains that people took to prepare for meetings with us and by the warmth with which they received us; by the co-operation and valuable material prepared for me by the unions and the Foreign Service Community Association.

My mandate requires a report to the Government — but much of what I have learned in the past year, many of my conclusions and some of my recommendations are intended equally for other players in the foreign service game. This report is addressed, therefore, to a range of authorities, groups and individuals — in the first instance to Ministers, who direct, steer and inspire the public service, both domestic and foreign; to central and departmental management, who devise and implement the systems and policies governing the operations and the people in the foreign service; to the foreign service employees and their unions; and to the spouses and children who play such a key role in maintaining the career foreign service as a viable operation.

This report comprises a series of building blocks. Working from the back of the volume, one finds first in the appendices the factual information regarding Commission staff, submissions received, posts visited and individuals and groups consulted. Next come the Background Papers, which include reports on specific issues commissioned or undertaken by the Commission and summaries of the type and thrust of data gathered from the foreign service community by means of questionnaires, submissions and interviews. The Staff Reports in Part II contain detailed studies of this data as it applies to key areas of concern. They draw conclusions, where appropriate, about issues that require action and detail the various options for change. They are introduced by a description of the evolution of the foreign service and of its role and functions as seen by various players, including the practitioners themselves.

My report, which introduces the volume, draws on all this material and on my personal findings to paint the current picture, to draw certain conclusions about what may be causing declining morale and reduced effectiveness in the foreign service and to suggest directions for change. Some of the problems we have encountered are intractable, others are not. In the comparatively short time at my disposal, my advisors and I were in no position to make the in-depth studies that would be required if specific organizational or legislative changes were to be undertaken. In any case, these are not part of my mandate. I have focused, as the Prime Minister suggested, on identifying the general thrust that the Government and departmental managers might follow to correct current problems and establish a new atmosphere. My emphasis is as much on what to achieve as on how to achieve it. The pros and cons of different options can be

found in the Staff Reports to guide those who will be responsible for implementing some or all of the ideas I put forward. The relatively few specific recommendations for action I do make relate to issues that I am convinced require immediate and specific treatment.

I mentioned earlier that my inquiry has been met with some cynicism among members of the foreign service and their families. That Service has been buffeted by change and uncertainty in the past decade, more so I believe than most other sectors of the public service. My mandate has raised hopes in the foreign service community that their chief concerns will be meaningfully addressed by the Government. Commissions of Inquiry are notorious for the evanescent nature of their findings and recommendations. A community without a coherent pressure group is dependent on the good faith and institutional memory of government machinery to see change effected. I have been long enough in the public service to know how the bureaucratic process can paralyze or distort the implementation of what all concerned may accept as sensible change. I have therefore recommended a specific review process which, if accepted, will be a measure of the Government's commitment to action.

THE FOREIGN SERVICE: A PERSPECTIVE

The staff reports and background papers provide a reasonably complete statistical description of the foreign service and it is not my intention to repeat it here. However, before going on to offer my diagnosis of its problems and my prescription for its ills, I want to make clear that when I speak in this report of the foreign service I am not talking about numbers or positions or jobs. I am talking about people. The foreign service *is* people — people who work for the government but also, and outnumbering them, their spouses and companions and their children.

The people who make up the foreign service are, by and large, typical Canadians. They may have more of a taste for adventure and more of a thirst for change than most, but they are still typical Canadians from all backgrounds and all parts of the country. Where they are not typical is in the way they live. They do not have the same kinds of extended family and social supports that most Canadians enjoy. The only immediate family they have, whether they are single or married, is what they can carry with them and often the only sense of immediate community they have is what they can gain from the few other Canadians on post with them. In this sense, the foreign service is families. Some may be families with only one member, but each foreign service household is a family and must be treated as such.

One of the phenomena I came across in my inquiry was that foreign service members in Ottawa and at some of our largest posts were less inclined to come forward and participate in my work than were those at the almost 110 smaller posts. I can only conclude from this that in many ways the foreign service defines itself by its location. It is only when they are away from Ottawa and the larger posts that members of the Service really begin to define themselves in terms of the employees' jobs. The smaller the post, the greater the degree of isolation, and the higher the level of hardship, the more likely this

is to be true. In this context it is useful to keep in mind that 50 per cent of our posts are hardship posts and almost 50 per cent of foreign service employees abroad serve at them. Life in the foreign service today is as likely as not to mean assignment to a hardship post and the chances are one in ten that the post to which one is sent will be at the highest hardship level.

Those who stay in Canada or travel only as tourists — and here I include a good many of the senior officials and politicians who drop in on posts but never stay — can't begin to appreciate what life abroad is like for most members of the foreign service. Canadians live in one of the better-ordered societies in the world and conditions in the National Capital Region for ordinary people are probably as good as will be found anywhere. We take for granted many things whose value only becomes apparent when we have to leave them behind — family and friends, health care, good housing, free or inexpensive recreation and entertainment, good educational facilities, high-quality and varied foods, clean and relatively safe streets, freedom of movement and the ability to take advantage of it. All of these are conditions of life in Canada but few of them can be found to the same degree abroad. Most of them can't be found at all at hardship posts.

The foreign service in what it does is much like the public service in microcosm. On a smaller post, many of the jobs that are done in Ottawa by a wide range of employees are also being done, but by far fewer people. A junior secretary who, while in Ottawa, will not have to do much more than type and perhaps take dictation, will, once on post, carry out a variety of tasks, many of which have nothing to do with a secretary's normal responsibilities. A document put out by External Affairs two years ago listing "areas of competence for secretaries" makes the point. Apart from secretarial services, it stated, foreign service secretaries also had responsibilities related to general administration, supervision, official hospitality, records management, security and non-official representation.

A clerk, who may spend all of his time in Ottawa working in records management, can expect on posting to have to become an expert in clearing any and all sorts of goods through customs, managing staff accommodation, ordering furniture and usually helping to move it himself, in addition to being the office manager and looking after everything that entails.

Communicators on post will run their comcentres but may also end up being responsible for post security or for placing orders with diplomatic suppliers and distributing them when at long last they arrive. They will maintain their own communications equipment but also be expected to repair somebody's washing machine when it breaks down.

Officers who work in a single specific area back in Ottawa will be expected to cover almost all aspects of Canada's relations with their country of accreditation. To give useful policy advice, a foreign service officer must get to know the host country profoundly, to be able, when Ottawa needs the information, to say what can be done and who can help accomplish it. This requires establishing oneself in a community at a far faster pace than would be necessary at home.

It has been said elsewhere in this report that much of what the foreign service does abroad today concerns operations, but by itself this is a pretty sterile term. 'Operations' means helping to get an aid project off the ground and ensuring that it is implemented; it means finding out what markets exist for Canadian products and exposing Canadian businessmen to them; it means negotiating with governments on behalf of Canadian businesses; it means learning about a country's agricultural and horticultural bases and relating them to Canadian possibilities; it means providing liaison with foreign governments on complex subjects like energy or the law of the sea or communications and broadcasting; it means to a large extent being all things to all men and never ruffling feathers in the process. It also means working in countries with very different ethical standards from ours without running afoul of our own values.

The foreign service is part of the public service and as such is subject to all the rules and regulations that are necessary domestically, but it also has to operate under conditions and in circumstances for which those rules were never intended. Members of the foreign service have to do a variety of jobs that defy categorization with jobs of the same classification in Canada and must work within guidelines meant to regulate activities in Canadian society but that are often irrelevant to foreign circumstances.

Unlike the domestic service, the foreign service lives with the employer twenty-four hours a day, seven days a week. In many cases the government is not just the employer but the landlord and the fount of whatever amenities are available to make life easier. The foreign service is quite literally on the job or affected by the job twenty-four hours a day. Its members live not according to local time but in response to clocks set back in Ottawa. Finally, they live within an environment dictated by international diplomatic protocol and practices that determine their status in society, often down to where they may or may not sit at a dinner table.

THE CURRENT SITUATION

The foreign service I have described still attracts and retains a high calibre of employee — one who responds to challenge, is stimulated by change and adjusts extraordinarily well to a variety of living and working conditions. I met such people everywhere I went and at every level. They work hard, they give their best and they enjoy the service. All the data confirm my personally formed view that for these employees and their families — the people the government needs to keep — the balance between satisfaction and dissatisfaction is still positive. For some, particularly the administrative support staff, it is the stimulation of travel, new cultures and different surroundings that is the determining factor. Officers and their spouses share this stimulation but are more likely to have added satisfaction from the job the employee is performing. The foreign service community enjoys having its horizons broadened, wants to try something new and fully appreciates the opportunities foreign service provides for personal as well as professional fulfilment.

This positive approach to foreign service is confirmed by certain traditional indicators. Recruitment to both officer and support staff ranks continues to be comparatively easy and overall attrition rates are still low by public service standards. The negative things are more difficult to document. There are some disturbing attrition rates in the junior foreign service officer ranks, particularly among francophones. Management is encountering increasing difficulty in persuading experienced clerical personnel to accept hardship postings. The junior employees who go in their place are attracted by the carrot of acting pay, but pay a heavy price if they are not properly prepared for the jobs they are expected to do. So do the posts. Most disturbing of all is the fact reported to me at the highest level that senior officers are increasingly reluctant to accept head of post assignments. The negotiating process prior to posting has in many cases become so difficult and unproductive that the 'rotationality' of senior officers is in serious question.

Commission data confirm that many individuals within the foreign service community see changing conditions — and forces apparently beyond their

control — as tending to drive them away from the overseas living and working environment. It is most disturbing that half the foreign service officer group and almost as many administrative employees indicated that they were now seriously contemplating departure from the Service. Not all, and perhaps not even many, of these people will leave, but such levels of dissatisfaction are a serious threat to the future effectiveness of the Service. These figures are even more disturbing when viewed against the background of positive response from the great majority of employees overseas about living and working in their current country of posting.

My inquiry has been directed chiefly at isolating and analyzing the elements that create this almost schizophrenic pull between attachment to the foreign service and its personal and professional rewards and the desire to escape to the perhaps duller but more predictable (or more controllable) life in Canada.

I have in the course of the past year formed some very strong general impressions about the causes of dissatisfaction and disincentive in the foreign service. Let me state them baldly.

First and foremost, spouses are tired of not being recognized as human beings. They carry the biggest burden of adjustment on every move, but it is demonstrated at every turn that management sees them as mute extensions of their employee spouses. Secondly, at a time when the two-income family is a common feature of life in Canada and marriage breakup is on the increase, the rotational system continues to demand of the accompanying spouse that she (or he) give up not only career self-fulfilment but also the ability to maintain or regain independence through such obvious instruments as unemployment insurance and the Canada or Quebec Pension Plan.

Other problems are particular to specific groups of spouses. The wife of the head of post, for example, is nothing other than an unpaid employee of the Canadian government. The officer's spouse is the one who most feels the pull between self-fulfilment and the desire to assist the employee in the job of making contacts and representing Canada. Support staff spouses do not even have the questionable stimulus of representational activity. Worse still, they sit at the bottom of an out-dated, hierarchical pyramid that is inexplicable in Canadian terms and that often seems to have negative practical effects on the service and assistance they can expect throughout their postings abroad.

All spouses want to be involved in the major decisions that affect their lives and those of their children, but they are frozen out of even some of the relatively minor ones. At a time when the government has firmly removed itself from the bedrooms of the nation at home, it is a given of foreign service life that the administration reaches into every room of the house. Why then, says the foreign service spouse, have we so little to say about those houses, their contents and their upkeep?

Administrative support personnel feel as strongly as their spouses about Canada's apparently slavish adherence to an antiquated caste system. Status differences arising from diplomatic custom not only create different classes of

citizens at Canadian posts but also tend to permeate and influence management's attitude in a whole range of issues affecting life abroad. This is the biggest single factor souring attitudes toward foreign service in the support groups.

The benefits package is generally recognized as being comprehensive and fair in its scope and content, despite individual problems that need attention. But there is a very widespread conviction 'out there' that the administration is mean; that individuals and post managers are being second-guessed by 'faceless clerks' in Ottawa with little or no knowledge of the realities of life abroad; that saving money takes precedence over the legitimate concerns of employees and their families; and that indeed, where accountability is a factor, the employee is guilty until proven innocent. In the same vein, the extraordinary mistrust and misunderstanding of the post index system that I encountered everywhere is a prime example of the sorry state of communications and relations between Ottawa and our missions abroad.

Employees at all levels are deeply troubled by their negative perceptions of career possibilities in the foreign service. I found this particularly ominous in a service that speaks of itself as a 'career' and where special rules apply regarding entry to both officer and support groups. Support staff see no light at the end of the tunnel and view the on again, off again administrative officer stream as at best a joke and at worst, a sham. Officers have had no clear explanation of the effects of the new senior management category on career prospects in the foreign service group. Nor can they see where consolidation will lead them. These uncertainties, plus the slowing of promotions inevitable in a 'mature' service (and also evident elsewhere in the public service), introduce a destabilizing effect that feeds into or off the spouses' problems outlined earlier. The great majority of employees deplore management's failure to give priority to the very instruments of personnel policy that could help to offset the lack of career advancement — training, career planning and counselling, specialization.

Last but certainly not least, I must underline the widely-held view that government and foreign service management are unable to define, or to assign priorities and ascribe proper value to, the changing and varied tasks of the foreign service departments and the foreign service itself. Officers abroad question the relevance of their functions to the priorities and concerns of Ottawa. The incremental addition of responsibilities to the Department of External Affairs causes confusion over priorities to be assigned to operational requirements vis-à-vis policy advice and co-ordination. Central authorities feel the continuing need for all these activities and question whether the government is being properly served but have difficulty themselves in identifying essential as opposed to peripheral issues and in tasking the foreign service to meet their needs. All of this contributes to widening the chasm in the understanding and interchange between Ottawa and our posts abroad about the very reasons why the service is out in the field. This situation has special importance when, under foreign service consolidation, the head of post assumes the responsibility of serving an increasing number of masters in Ottawa.

If the job satisfies, stimulates and challenges and if a reasonable degree of career progression can be perceived ahead, most employees and their families will tolerate a large dose of difficult conditions. It is therefore of prime importance that personnel management issues be addressed as seriously and as decisively as those relating to conditions of service and the environment.

The Background

Some of the concerns I have mentioned have their roots in the past. Others are of more recent origin. Anyone familiar with the foreign service will be aware that the potential for trouble — indeed the reality of these difficulties — has existed for years. Socio-cultural issues have received little attention largely because management saw them as of secondary or marginal importance and staff and families were not organized to push their views. On the other hand, the Glassco Commission identified the managerial problems in External Affairs and the lack of strong direction from the centre as far back as 1963. Most of Glassco's analysis and recommendations are as valid today as they were then.

Does this mean that no reasonable attempts have been made in the interval to improve managerial practice and to deal with environmental and family problems? On the contrary, it is likely that too many attempts at managerial change, one piled on the other, have combined with changing conditions and government policies to undo the many very positive steps that have been introduced to improve overseas conditions and create a more efficient and effective machine. It is not part of my mandate to assign blame for the current situation; nor indeed do I think this would be reasonable or possible. Let me simply identify some of the factors that in my view have had a major influence, for good or bad, on today's foreign service:

- exceptional growth in the number of people and posts;
- increased nationalism; greater attention to domestic issues, foreign policy as an extension of domestic interests rather than as an end in itself; the increasing variety and complexity of issues being handled internationally; the changing influence of Canada on the international scene;
- constant questioning at the centre of the relevance of the foreign service to the foreign policy-making function; a proliferation of international demands, bilateral and multilateral, along with an increasing number of domestic power centres, federal and provincial, all contributing to uncertainty as to what is needed, at home and abroad, and in what order of priority;
- the advent of collective bargaining in 1967; the move from a paternalistic to an adversarial employer-employee relationship; reinforcement of the closed foreign service officer group mentality by creation of the Professional Association of Foreign Service Officers; growing union mistrust of management intentions, par-

ticularly in the area of employee benefits (the Foreign Service Directives);

- chopping and changing personnel policies affecting the career progression of support staff, the administration of posts and the structure and makeup of the foreign service group;
- failure to accept the Pierce Task Force recommendation to bring foreign operations under one Ottawa authority; creation of the Interdepartmental Committee on External Relations, integration at posts but much less integration in Ottawa, increased inter-departmental rivalries and battles for turf; management by committee; greater emphasis on figures but nothing much on policy development and direction;
- integration of administrative support staff and of support services for foreign operations under External Affairs authority in 1971 and the simultaneous abolition of the administrative officer career stream;
- partial consolidation in 1981 of foreign service personnel management and line responsibility in External Affairs with functional responsibility remaining in domestic departments — leaving a truncated Trade Commissioner Service outside and involving complicated, detailed personnel management agreements with policy departments; the net result is much mistrust, confusion, uncertainty and real questions as to whether the objectives of the exercise — more effective use of human resources — will be achieved;
- the creation in 1981 of a public service-wide senior management category apparently lopping off (at least partially) the top levels of the foreign service group and emphasizing movement across this category; the difficulty of fostering managerial skills and experience in a staff-oriented External Affairs department also called upon to produce senior foreign policy expertise and advice;
- alternating spasms of decentralization and centralization of authority reflecting ‘over-the-shoulder’ control of managers at home and abroad;
- the effects of feast and famine — austerity followed by extraordinary growth followed by austerity; savings made not at the expense of high-cost programs but at the expense of individuals, in either their conditions of service, their pursuit of a more satisfying career or the tools available to them to discharge their functions effectively;
- External Affairs’ continued insistence on a rotationality/generalist staffing approach, when the multitude of changes affecting the foreign service — foreign operations as well as foreign policy development — dictate greater continuity, coherence, institutional memory and expertise in all aspects of the Department’s responsibilities.

The Key Issues

The thrust of many of the changes or new policies just identified is in the right direction — toward greater coherence in our foreign relations, more flexibility in the use of available human resources and sharper focusing of managerial responsibility, both in Ottawa and abroad. But as Canadians we are the eternal compromisers; we never let the second shoe drop for fear that someone will be displeased. The result is that no one is satisfied and no one can take charge. And we don't like to follow up. There is no process of evaluation once the system is in place. Is God presumed to be ensuring that the exercise is not counterproductive? Is an essentially staff-oriented department such as External Affairs presumed to be capable of switching to an operational mode without serious disruption and inevitable chaos and unhappiness? Handing program delivery and personnel management responsibility to one department and keeping policy development and functional responsibility in another is a new and challenging departure in public service management policy. Was there sufficient discussion of the implications of this move among those directly affected *before* the policy decision was taken and announced? Is the new system fair to the head of post serving two masters? How can his interests and responsibilities be adequately protected?

These are the questions I ask myself as I look back on the events since Glassco. I don't have all the answers but I am led to certain general conclusions as to the directions management should follow and the objectives it should have in mind in addressing foreign service issues. These conclusions are based on my firm conviction that change should not be contemplated unless it can be associated with specific objectives and continually evaluated against these objectives.

- 1. Everything possible should be done to mitigate the adversarial atmosphere that characterizes so many aspects of employer-employee and employer-family relationships.**

The earlier days of the smaller foreign service were marked by a paternalistic approach. The introduction of collective bargaining, the growth of the Service, the increasing codification of the Foreign Service Directives, the multiplication of Crown-leased or Crown-owned properties and furnishings and the austerity measures of recent years — all contributed to higher demands from employees, more rigid management reactions and to a general decline in the atmosphere of mutual trust that must be established in a situation where the employee and the family are so affected by the employer's every administrative decision. We now need to graduate to an adult-to-adult relationship. This takes faith and flexibility on both sides. If the employer can be more open in the administration of the FSDs, the employee (and the unions) can be less demanding. If post management is given authority and resources to respond positively and quickly to legitimate employee and family accommodation needs, the employee will be a much happier and more productive individual. If claims for losses on removal can be handled quickly, efficiently and fairly and not under a depreciation table that reduces the value of clothing to zero in three years, life will be easier for everyone.

2. Concrete action should be taken to recognize the spouse as a key human being in foreign service life and recognize the family unit as the core of a rotational career service.

Management seems to be hamstrung by its old-fashioned view of the spouse as a non-employee and therefore a non-person. No one ever corresponds with him or her except when the employee spouse dies. No information regarding the spouse's pension or insurance position is given directly — the onus is on the employee to inform the spouse regarding briefings; all dealings with the administrative sections of embassies have to be through employees; contact with Canada and career and employment possibilities are not facilitated by management; spouses carry the arrival and departure load with little assistance.

We are expecting too much of spouses and families. They need time and care, and the issues that concern them — education at home and abroad, health matters, job possibilities — need special attention.

3. The caste system, which dominates the foreign service and which unnecessarily reduces support staff, their families and often other groups to the status of second class citizens, must be attacked immediately.

Canada can do little in the short term to change the international diplomatic tradition with its hierarchical establishment of messengers (Ambassadors), advisers (Counsellors), scribes (First, Second and Third Secretaries) and others. But we can do much to show that we attach primary importance to equitable treatment across the spectrum of employees serving abroad. Canadian-controlled differentiation among employees must be addressed. This differentiation, which can be either general or particular to posts, starts with passports and runs the gamut of accommodation and furnishings, uneven access to import privileges in different posts and differing ability to profit from the resale value of imported goods. Although there is no justification or need for giving all support staff diplomatic status, strong arguments can be made for such status for security or other reasons in particular circumstances.

There is no conceivable argument for different treatment of foreign service officers and others. Differentiation simply exacerbates difficulties. The situation of National Health and Welfare doctors is particularly offensive to me.

Why reinforce an antiquated system with our own policies? That system needs to be maintained for formal diplomatic activity at the post on the basis of the existing international pattern, but surely we have enough initiative and imagination to ensure that it doesn't contaminate the general atmosphere at posts abroad and put the support staff in an intolerable position.

4. The incentive system for service abroad must be restored and made to reflect more accurately the changing character of foreign operations as well as the changing face of the foreign service.

Very few places in the world now compare positively with Canada in terms of living standards, access to services, recreational facilities, purchasing power and availability of goods. The Canadian lifestyle has become increasingly pleasant and difficult to match. Expansion of the Canadian foreign service has been particularly apparent in hardship areas and is likely to continue in that direction. There is a discrepancy between the amount paid as a Foreign Service Premium (FSP) to induce people to uproot themselves and leave Canada for overseas service and what is paid as an incentive to persuade people to go to hardship posts. The indexing of the FSP skews the system by paying an employee more to go to a high index but comfortable post like Geneva than to go to a low index post like Georgetown, Guyana. It is time also to recognize the disruptions encountered by spouses. Attention must also be focused on the concept of comparability, which is a dangerous and meaningless term that is damaging to the employer (because he is engaged in a constant but unsuccessful struggle to provide it) and to the employee (because it may give rise to unrealistic expectations).

5. Career aspects of rotational foreign service (both officers and support staff) need much more attention than has heretofore been seen as possible or necessary.

There are a number of issues here. Under consolidation, External Affairs is taking on new tasks and the main instrument for delivery is people. The current crop of foreign service officers will continue to perform, but others must be brought along to perform equally well. The complexity of policy issues requires greater specialization. Officers have problems seeing where their careers will lead in a period of relatively little or no growth. Support staff get very little job and career satisfaction as it is. External Affairs personnel policy suffers from discontinuity, the overriding demands of the yearly posting cycle and an exaggerated adherence to a generalist approach for its own officers. The rotational foreign service career probably needs to be re-ordered, made more flexible to meet spouse and family needs, to make rotationality more viable and to give individuals a taste of the domestic world by secondments and lateral transfers out of and back into the Service. Both employer and employee would benefit from greater, more organized and more consistent efforts in personnel planning and career development.

6. Management must ensure that consolidation of the foreign service works and doesn't simply exacerbate existing difficulties.

There is obvious mistrust in the departments and agencies that are handing over responsibilities to External Affairs. This is implicit in the complicated agreements now in play. There are doubts in External Affairs about the dual accountability consolidation has created and about the nature of personnel policies required to achieve the controls on staff imposed by those agreements. There is concern among officers as to whether programs will be properly delivered and whether their interests will be protected. I question whether the implementation that has been planned and is being put into effect

is getting consolidation off on the right foot and will achieve the Government's objectives. Integrating support staff and entrusting the provision of services to External was a traumatic experience — a grave danger exists that the outcome of consolidation will be worse unless everyone loosens up and approaches it positively rather than negatively. It is the right way to go but no one should kid himself that it is going to be easy or that it doesn't need to be watched very carefully to avoid disaster.

7. Methods must be found to evaluate and improve the systems now in place to establish foreign policy objectives and priorities, co-ordinate and integrate Canadian international policies and activities and give direction and guidance to posts abroad.

The Cabinet committee structure and envelope system as it applies to foreign policy and operations leaves a good deal to be desired. The concept of External Affairs as a central agency is questionable and there is little evidence that it helps to achieve the integration of policy required. Ministers must identify objectives and priorities much more specifically, foreign service management must be ruthless in cutting out activities and programs (and posts) of lesser importance and posts must receive the guidance and the authority to concentrate their efforts on essential Canadian interests and responsibilities in the post's area.

In Ottawa, External Affairs has to come to terms with two fundamental issues. In the policy development process there is a grave risk that foreign policy advisers will dissipate their efforts and reduce their credibility by going beyond the foreign policy advisory role (based on sound knowledge of the Canada-foreign interface) to an attempted control function. In their anxiety to play the Ottawa game they have lost sight of their main responsibility, which is to know and to be able to articulate strongly and credibly the real implications of proposed Canadian policy moves vis-à-vis the international community and to anticipate the impact on Canada of outside events. This is a difficult role to play. In the bureaucratic world money means power. Much knowledge, insight and breadth of understanding is required to compete with that power. Assimilating that knowledge and using it effectively should be External Affairs' aim in the policy development process. But at the same time, External Affairs senior management has to address squarely its new responsibilities in the foreign operations field and assign to them the top priority they deserve. I have seen ample evidence that these hard decisions have yet to be taken and that the staff element of External's role, its policy function, will continue to dominate if given half a chance. This would have disastrous implications for the future of a consolidated foreign service. The policy and operational functions are equally important. Acceptance of this fact should have far-reaching implications for the way in which External Affairs manages its affairs right across the board.

8. The imbalance that now exists between Ottawa and posts abroad must be corrected; let managers manage and make them manage.

A variety of factors have helped shift the focus of authority and influence toward Ottawa away from posts abroad. Heads of post have been given managerial authority over post activities but have little input into policy formulation at home, very little feedback from the efforts they do make and comparatively little discretion in deciding financial or personnel questions on the spot. It is surprising that in this day of instant communications, so little use is made of the knowledge bank on the spot to meet the information and advice requirements of the moment.

Heads of post must be given the fullest authority possible to run their operations and their staff and should be made fully accountable for their performance. They need to have unequivocal support from headquarters, and overseas operations should be recognized as the key element in Canada's foreign relations. These operations ensure not only the delivery of programs abroad but also the training and development of those who supply the major portion of the foreign policy expertise the Canadian government requires.

9. The relationship between government and the foreign service needs re-orientation and strengthening. Attitudes must change and decisive leadership must be shown. This is the key to improving morale.

There is a crisis of identity, of confidence, in the ranks of the foreign service that requires positive counteraction. The crisis, insofar as External Affairs is concerned, probably dates from the end of the Pearsonian era in Canada's foreign relations. It has certainly been aggravated by more recent events, not least by the attitude epitomized in the Prime Minister's now long outdated 1969 interview, in which he suggested a review of the role of the diplomat and expressed his preference for a good newspaper article over a bureaucratic report on foreign affairs.

Despite the amount of water under the bridge since then, heads of post still get the impression that they are judged more on their abilities as travel agents and hoteliers than on their policy input. This attitude percolates down through the ranks and is devastating to morale. Senior management in Ottawa has leaned over backward to puncture the so-called myths of the foreign service, but has largely failed to put something tangible in their place. Those who require foreign service assistance and policy advice have a mixed bag of reactions to the service they get. They wonder at the shortage of budding Norman Robertsons while they add to External's line responsibilities and deplore the absence of foreign service managerial skills. External Affairs officers have not themselves come to grips with how to be 'all things to all men' without slipping into being nothing to anyone. From the sidelines, the deliverers of more concrete, results-oriented overseas programs (the TCS and CEIC foreign service groups and their CIDA counterparts) view with understandable concern the risks of being drawn into this dialogue of the deaf.

It is high time this distasteful atmosphere was eradicated. A new relationship should be established and confidence restored on both sides. The consolidated foreign service may need a new mandate designed to aid the

accomplishment of the Government's objectives abroad and to ensure the provision of the advice and support in the foreign policy/operations field that are essential to Canada's national interests, be they political, economic or social.

Foreign service employees and their families make considerable personal sacrifices in order to serve those interests. They need to be motivated to serve but they must also accept the changing face of Canada's foreign relations. Government has to keep its side of the bargain by showing leadership, husbanding and using its human resources properly and giving credit where credit is due. This will require above all a change of attitude and a return to an atmosphere of mutual trust not at all unlike that which I consider should govern the employee-employer-spouse relationships within the foreign service.

A Career Rotational Service?

There is indeed a profound malaise in the foreign service — a malaise that if not met by decisive and early action may put in serious question the viability of the career rotational foreign service as we know it today. Some will argue that this development is inevitable, that a totally new approach to the discharge of Canada's foreign relations and overseas responsibilities is required, involving perhaps single assignments or travelling teams of Ottawa-based experts. I have often in the past few months been attracted by these concepts as an escape route from the cumulative and apparently intractable problems I was encountering around the world.

I have concluded that the drawbacks of a single assignment system would far outweigh its advantages. It would be easier perhaps to persuade families to disrupt their lives on a one-time basis and those who did go would be fresh, inquiring and motivated. However, the ability to adjust to overseas conditions, particularly at hardship posts, is known to be adversely affected by lack of previous experience. I saw evidence of this in my own travels. Governments generally agree that a career service, with its job and location rewards judiciously used from time to time, is the cheapest form of foreign service. The benefits package for a single assignment service would tend, as in private industry, toward a series of individually negotiated, and hence more expensive, personal contracts.

It is in the area of the efficient and effective discharge of foreign service functions, however, that the single assignment service would be least attractive. The foreign service career employee at any level is subject to constant changes of environment, working conditions and job content. He or she always carries, however, the knowledge and the skills, whether in negotiation, analysis or dealing with foreign governments and people at diverse levels and on a wide spectrum of issues, gained from the experience of living and working in alien surroundings. These skills are essential tools in our foreign relations and those who practise them over a reasonable career span, which includes meaningful exposure to domestic activities, policies and concerns, will be key suppliers of foreign policy advice to government when the occasion requires. They will also

develop the knowledge and understanding of foreign country policies and programs with which to assist the private sector in furthering Canada's economic and trade interests.

There is plenty of room in the foreign service for single assignments and for lateral entry above the junior ranks. It is in the interest of the foreign service to encourage this kind of mobility, not only for the fresh viewpoints and expertise that can be obtained, but also because the career service, to remain viable, must ensure greater movement out for its employees at key moments in their careers. There is an upper limit, however, on the proportion of untrained and inexperienced individuals the career service can absorb at any one time. To run a successful overseas operation entirely on the basis of single assignments is not feasible.

Thus I conclude that some form of career rotational foreign service will be with us for some time to come. The rest of my report is devoted to examining the different issues affecting the Service and its performance, either negatively or positively, and to suggesting directions for change.

DIRECTIONS FOR CHANGE

For the sake of brevity, much of the background data and argument for changes suggested or recommended in the following sections have been omitted. Those interested in further detail can find it in the Staff Reports. I have focused here on what I consider to be the most important, immediate or irritating issues. My recommendations vary in their specificity and in the time required to implement them depending on the subject matter. The fact that I have not commented on a number of issues and options identified in the Staff Reports should not be taken as either rejection or endorsement of these ideas. This whole volume is intended to assist management and employees and their families to reach a more reasonable and productive relationship and to suggest how existing problems that weaken the foreign service in a variety of ways can be overcome.

I have been particularly specific in my recommendations about the Foreign Service Directives because the triennial review is now under way and I consider it essential to make an impact on that process. The detailed comparative studies we have produced in the area of compensation and the professional analysis we commissioned of the Post Index system were intended to help the members of the National Joint Council and the Treasury Board in their deliberations as well as to give me an insight into the existing situation. The relevant staff report attempts to set out likely costs of various options under the FSDs. I have not attempted to identify costs in this paper nor do the other staff reports address this issue specifically. In some instances extra person years are involved (e.g., training, time-loss pools); in others, budgetary increases (e.g., improved staff housing, contracting with the FSCA for family support services). Certain options have few or no cost implications; they simply require the will to change.

Rome was not built in a day, nor will the foreign service be changed overnight. But if my suggestions for change meet with the Government's approval, each area of concern can be the subject of a planned attack, phased

as necessary to conform with the budgetary situation. The test of managerial skill will be to establish and maintain the momentum of these plans and the new policies they represent — so that foreign service members will be able to attest to management's continuing commitment.

Environment and the Family

Foreign service affects both the professional and private lives of its members. Factors influencing the work experience and motivation of employees will have secondary effects on spouses and children, just as conditions touching on the home life of an employee and/or the family cannot help but show up in a positive or negative way in terms of efficiency, productivity and motivation in the work place. This interaction has unique aspects in the foreign service because the employer happens to have a marked influence on both variables in the equation.

The situation is further complicated by the fact that employees serving abroad have to give up a good deal of the privacy and control over their personal lives that they would normally expect to enjoy as public servants in Canada. This 'invasion of privacy', which every employee (and spouse) must learn to accept as an integral part of foreign service, will vary greatly in magnitude depending on the place and the circumstances. An employee at a consulate in the United States who has a private lease and no representational duties will discern little change from Ottawa. But in certain countries, contact with the local population for other than business purposes is, for perfectly sound reasons of policy, prohibited or restricted. Representational duties put a heavy burden on the private lives of program officers everywhere, particularly at the senior level. And at a majority of posts, local circumstances dictate that employees and their families have little or no choice of or control over such key amenities as housing, furnishings, schools, recreation facilities and health care.

The employee must accept this loss of privacy and personal choice as part of his or her foreign service career bargain. The employer for his part should be as understanding as possible of the stresses and strains this lifestyle creates and fully supportive of efforts to make the remnants — so to speak — of private and family life as satisfying and as stable as possible in a wide variety of surroundings and circumstances.

Two general issues cut across and influence negatively the environment overseas. They should be highlighted before I turn my attention to specific aspects of foreign service conditions. The first is that life in the foreign service seems to be characterized by an almost slavish adherence to a number of caste systems. The most universal of these is the cleavage between diplomatic and non-diplomatic personnel and, as a sub-set, between FSOs and other officers. The failure to recognize spouses and dependents as individuals in their own right runs a close second. Attitudinal change is the key to reform in these areas. I believe the Service is ready for such change. If management can take the lead and show the way to demolishing the barriers that now exist, it will be

easier to ask individuals to make the sacrifices the foreign service demands, and should expect, from its members and their families.

The concept of comparability between posts abroad and Ottawa tends, it seems to me, to exacerbate rather than to improve morale among foreign service members by creating expectations and standards that cannot be met. I shall have more to say on this subject later in this report under specific headings. In general, however, it is clear that the Ottawa environment cannot be duplicated abroad. To argue that people should find themselves no better or no worse off overseas than at home is a laudable but unrealistic approach to environmental issues. In the real world, some aspects are bound to be better, some worse, and there is little that management can do to change outside factors that influence this balance. Ottawa must, of course, continue to be used as a benchmark against which to measure certain environmental conditions of life abroad. Every effort should be made to keep as close as possible to Canadian standards in, for example, medical care, children's education and purchasing power. But in the final analysis it is the need to make life bearable or more than bearable for singles and marrieds, for diplomats and non-diplomats and for employees, spouses and children that should determine management's policies and attitudes.

Family Support Systems

External Affairs and CIDA have elaborate briefing centres that have improved considerably over time and that do their best to prepare employees and/or their families for overseas postings. They need to do more, but there is also an urgent requirement for more specific counselling — on job availability for spouses, on educational facilities abroad and on return to Ottawa and on settling-in problems and local customs at posts. The Americans handle these needs through a Family Liaison Office in Washington and family liaison officers (FLOs) at major posts abroad. External Affairs has been considering the establishment of a pilot FLO arrangement in Paris and an educational counsellor position in Ottawa.

I am against steps that expand the bureaucracy and the load on that bureaucracy in order to provide the required personal and family support services. Administrative staffs abroad are already run ragged trying to meet the demands put on them by Ottawa and the local scene. Bureaucrats are not likely anyway to be the best source of information and advice on matters pertaining to personal and private lives.

Why not help people to help themselves? This approach would be entirely consistent with the thrust of federal policy in the social services field. (I have in mind such programs as New Horizons and the funding of various national non-profit organizations.) In Ottawa the Foreign Service Community Association (FSCA) has already established its credibility by its analysis of family issues affecting the foreign service.* At posts abroad I was impressed by the untapped resources that exist in the Canadian community — and depressed by

* *Selected Papers on Mobility and the Family in the Foreign Service.*

the fact that in some capitals, spouses were not consulted about the contents of the Post Report; in others, my visit marked the first time spouses had ever met to discuss issues of common concern.

I strongly recommend that the FSCA be funded to provide basic personal and family support services in Ottawa and that it be similarly encouraged to organize in the manner appropriate to each post to meet local counselling and support needs. A decision to move in this direction will be a difficult challenge to a comparatively new organization and its constantly moving membership. The Association will have to ensure that it truly represents and serves the needs of the whole foreign service community at home and abroad. At present its membership is much too heavily weighted in favour of officers' spouses and it has little or no organization at posts. But it is surely in the best position to identify human needs and to devise the appropriate responses. Asking the FSCA to accept such responsibility and providing the necessary funding would underline the government's recognition that the foreign service consists of the whole body of Canadians on rotational service, not just the public service employees.

Caste System

Greater attention to the foreign service community, as opposed to the traditional hierarchical structure of diplomacy, would in itself contribute to attitudinal change and improved morale. But management should also take specific measures to start the ball rolling and to underline its commitment to change. The first of these is symbolic — the removal of discrimination among employees in the granting of travel documents. I am well aware that power over local diplomatic status is within the purview of the receiving state. But the Canadian government has absolute control over the type of passport it issues to Canadian citizens as well as over the local status it requests for its employees abroad.

I recommend that the passport issued be of the same type for all foreign service members, their spouses and their dependents. I would prefer to see government do away with all but the ordinary Canadian passport and to issue that document to Canadian government employees going abroad regardless of rank. Another alternative is to have two Canadian passports, an *official* one for all those now qualifying for diplomatic or special passports and the *ordinary* passport for non-official use. The third alternative, which may be judged necessary for reasons of personal and public security, is simply to eliminate the special passport.

Diplomatic status should be requested for all foreign service members where there is any question that its absence would jeopardize their personal security or that of their families. Further, I recommend the granting of diplomatic status (for example, the rank of attaché) to members of the administrative support staff in recognition of long service.

In more concrete terms, status differences must cease to be reflected in inequitable treatment at posts abroad, particularly in the housing and financial

areas. Management must take positive action to ensure that non-diplomatic personnel either benefit from the same perquisites, such as access to duty-free goods and freedom from local taxes, or are adequately compensated through the allowance system. In theory, this compensation exists through the two-index system. In practice, it does not. I have found that the handling of the issue of access to duty-free goods is very uneven across the system — much depends on the attitudes of senior management at the post. Explicit instructions to ensure equitable treatment should be issued by Ottawa.

Spouses

Spouses are the other members of the foreign service community who have to be broken out of the ‘non-person’ shell. They are key to an effective foreign service and too long have gone unsung and unheralded for the part they play in representing Canada abroad and making it easier for rotational employees to do their jobs.

The staff report on the foreign service environment reminds us that spouses’ aims, ambitions and motivations are so varied that it is unwise to try to fit them all into one mould. It is more urgent to create conditions under which they have the freedom to fit into foreign service life in the way that best suits their individual needs and choices. For their part, spouses have to accept that given the recognition and support they deserve, they too must ‘fish or cut bait’. I am sure most spouses would agree that there is no real way in which one can be *in* the foreign service and not *of it*.

If support services are improved in Ottawa and abroad and if spouses are recognized by direct communication and involvement in matters that are of principal concern to them, much progress will have been made in dissipating the jaundiced view that many spouses now have of management and of foreign service conditions generally. These measures will not, however, address the broader disruptive influences under which many spouses now suffer as a result of following their spouses in a career rotational service. Increasingly, these disruptions are financial as well as social.

In this world of fragile marriages, disruptions become real risks. Employees are paid incentive premiums to accept service overseas. It is time, I think, for the government to extend this principle to all foreign service spouses. This global approach to the infinite variety of financial and professional problems spouses may encounter as a result of constant re-assignment would have a number of advantages. It could substitute for a series of ad hoc compensation proposals that are likely to be devised to meet particular circumstances. It could go some way toward compensating for lost income and reinforce the spouse’s independence and freedom of choice. It would recognize in a tangible way the role spouses play and the personal disruption and uprooting they undergo to suit the exigencies of the Service.

I therefore recommend that the government pay a foreign service premium to spouses based on the premium payable to the employee.

Spouses of Heads of Post

Having been a single head of post, I have full appreciation of the nature and importance of the role a spouse can play at that level. As I stated earlier, the great majority of these spouses are essentially unpaid employees of the Canadian government, supervising the maintenance and running of an expensive physical plant, organizing heavy social programs, planning entertainment and meals under circumstances usually very different from those we know in Canada, supporting the head of post in representational activities and objectives and, more often than not, acting as counsellor and confessor to a variety of Canadians at the post.

All of these essential functions are performed in an atmosphere quite different from what pertained thirty, twenty or even fifteen years ago. Ever-increasing numbers of visiting firemen expect impeccable hotel service plus constant charm. Spouses of representational officers, who a few years ago would have considered it their duty to help the head of post spouse discharge her representational responsibilities, are often out doing their own thing rather than helping to maintain and improve the corporate Canadian image. Official support for the spouse's efforts is nowhere clearly stated and the spouse's authority derives entirely from the head of post. The latter shares with the spouse the crowning tribute to their integrity and judgement — the fact that they are prohibited from changing the official display of Canadian art in the residence and are instructed to make no changes in the furniture arrangement in the representational areas of the house. They don't really have a whole house or apartment to call their own.

My visits to posts over the past year only served to confirm how very important the role of the spouse is at senior representational levels and how unrecognized by management these functions have been and still are.

The staff report on the foreign service environment outlines a number of options for change that would adequately recognize and compensate for the contribution the spouse of the head of post makes to the achievement of Canadian objectives abroad. I am attracted by the concept of mutual agreement and freedom of choice these options contain. Like other spouses in the foreign service, the 'senior' spouse should have the freedom to operate according to individual needs.

I therefore recommend that a position of official residence administrator be created at each post and that the spouse of the head of post have the right of first refusal of this position.

Foreign-born Spouses

One of the first posts I visited had more foreign-born than Canadian spouses. I was concerned to find that most of them believed they had little hope of becoming Canadian citizens under the new Citizenship Act, which dropped the special provisions applying to the spouses of Canadian officials serving abroad. Since then I received many more submissions in the same vein.

I have been assured that current judicial rulings open the way for these spouses to establish their claim to continued residence in Canada even when physical residence is interrupted by posting. It has also been suggested that Citizenship Court Judges might be sent abroad to hold special hearings to enable the proper legal requirements to be met wherever possible. I endorse this idea. It seems to me that concern for the security of the individual, Canadian representation requirements and attitudes of other governments all dictate that the government encourage rather than stand in the way of early acquisition of Canadian citizenship.

I therefore recommend that the Department of External Affairs take special steps to assist any foreign-born spouses wishing to acquire citizenship on the basis of the judicial rulings now in force. Further, should there be any move to amend the residence requirements of the current Act in such a way as to negate the judicial rulings to which I have alluded, I recommend that the special provisions of the old Act be re-instituted to avoid a recurrence of the unacceptable situation that has prevailed until recently.

Security

When I started this inquiry, I thought that concern about physical security (the threat of terrorist activity, local unrest, robbery with violence) was likely to be the biggest single factor influencing attitudes of foreign service employees and their families to the local environment overseas. Although the concern is there, it was not often expressed or emphasized. Perhaps this is because Canadians have been relatively fortunate thus far in not being the target of terrorist or other attacks. Canadians abroad are acutely aware, however, in countries where civil unrest is endemic, that their luck may not hold out. And in cities where violent crime is the order of the day, Canadians are as vulnerable and as reluctant to walk in the streets at night as any other 'rich' foreigner.

Our foreign service people take these situations in stride. It is part of their life. What employees do want is that the employer take all necessary steps to ensure the adequacy of physical security arrangements in staff quarters as well as offices, that the vulnerability of children and single female employees be specially recognized, that emergency measures to ensure communication between homes and office and to prepare evacuation are anticipated and understood by all and that adequate insurance arrangements are in place. There is some evidence that for reasons of austerity, insufficient staff or just plain disinterest, plans to improve security have been slow to be implemented. This should not be allowed to happen. Treasury Board has recognized the need to fund a carefully planned upgrading of security arrangements, and other priorities should not be allowed to interfere, either in Ottawa or at posts.

I recommend that security measures at posts be implemented promptly as planned, that funds for these purposes be among the 'untouchable' elements of the External Affairs budget, that special attention be paid to the practical and psychological preparation of individuals being posted to high-risk areas and that adequate insurance arrangements be put in place.

Accommodation

‘A man’s home is his castle’ takes on added meaning in the foreign service. Among the amenities that can make or break a spouse’s spirit, I would place accommodation and furnishings at the top of the list. Globally, management has made great strides over the past fifteen years in improving housing and in providing comfortable and attractive contents. But certain policies and customs militate against really effective management of this key environment issue, particularly at hardship posts.

Comparability with Ottawa is the first stumbling block. This involves judgemental decisions about Ottawa standards, which are quite unrelated to the reality of the situation at posts where employees and families have nowhere else to go but ‘home’. The issue of representational housing further clouds the situation by allowing such anomalies as a single officer occupying a house that would be better suited to the needs of the family of a married clerical employee. In a very real sense, all foreign service accommodation abroad is representational.

A further problem that must be addressed is the fact that in some countries, decent housing is only available by means that are inconsistent with Canadian standards of public morality but that are the norm in the local situation.

Accommodation decisions should be made on a local relativity basis. At ‘A’ posts, all employees should have *good* housing (i.e., good space, location, facilities). At hardship posts the standard should rise to *better than average* in relation to other foreigners at the post. Housing should be allocated on the basis of family size, with representational responsibilities playing a minor part in the allocation at levels below the rank of counsellor. Finally, decisions should be taken at the post with input from a Housing Committee that includes adequate administrative staff and spouse representation.

Health and Recreation

I came from Health and Welfare Canada to this inquiry with a lively interest in the public service health program as it affects foreign service employees and their families. My discussions around the globe centred on two questions: were individuals getting the right assistance in solving their medical problems and did HWC staff in the field and in Ottawa believe the current program to be appropriate? A secondary, albeit nagging, issue that I was determined to address was the endless running feud between HWC and External Affairs about whether HWC doctors should have diplomatic status.

On the latter issue there is no question: of course HWC doctors overseas should have diplomatic passports, if such documents continue to be issued, and diplomatic status wherever they are stationed or accredited. I find the program-related arguments against such action specious in the extreme. Indeed I view this whole issue as a classic example of how foreign service management gets bogged down in rearguard battles and in unnecessary and morale-destroy-

ing palaver over minutiae. Their time would be better occupied co-operating with HWC in planning an effective and credible health program overseas.

Credibility is the key word in the health field. A distressingly high proportion of foreign service members do not view the pre- and post-assignment medical examinations as useful or meaningful. Despite serious efforts by HWC regional offices overseas to institute regular medical visits to hardship posts, the global view (and of course there are outstanding exceptions) is that these visits are not much use to the people they are intended to support.

The key to the problem lies in the fact that the public service health program in Canada is a *preventive* health program. This concept governs the overseas program as well. Obviously the preventive aspect is an important element in the physical well-being of Canadians serving, for example, in tropical countries, and stress and alcohol counselling are relevant anywhere in the world. But where health care is of questionable quality, or indeed in some cases practically unobtainable for anything but the most minor ailments, people have concerns that go well beyond prevention. These concerns must somehow be addressed. I cannot claim the expertise necessary to determine the exact nature of a program that would respond to those extra needs abroad, but I accept the HWC point that credibility in a doctor-patient relationship is heavily influenced by the presence or absence of clinical or treatment facilities. The doctor who cannot *treat* health problems assumes (rightly or wrongly) the image of a paper-pushing bureaucrat. This is reinforced by the necessarily bureaucratic nature of the immigration medical function abroad. Conveying preventive health care advice or providing counselling becomes difficult in this atmosphere.

Steps must be taken to dispel this view, which is becoming increasingly erroneous anyway as HWC recruits more clinicians. I believe hardship posts (where the problems are most likely to occur) would benefit greatly from peripatetic clinics and continuity in medical examinations and counselling. Obviously there are difficulties to be overcome. Space for clinics will be hard to find in small posts; there will be arguments about the doctor's right to practise, even within the chancery confines; someone (perhaps a part-time nurse) will have to keep confidential medical records; more qualified clinicians may have to be recruited and/or retrained. Change cannot be made overnight, but efforts to institute such a program, beginning with the most difficult posts, would in my view pay high dividends to an employer wanting to staff hardship locations and to pursue an enlightened employee assistance policy.

Access to recreation facilities for all staff members and their families is the other side of the physical and mental health coin. (It also illustrates the futility of trying to provide comparability with Ottawa.) Access is currently very uneven at the different posts and the problem is not confined to hardship posts. We heard a good deal about it in Paris and Tokyo where non-officer personnel feel particularly cut off from the day-to-day family pursuits they might normally have access to at an 'A' post. In many capitals, no one but the privately wealthy can afford memberships in the clubs that provide the only recreational facilities the city has to offer. Elsewhere, officers benefit from

hospitality-related club fee subsidies, while other staff are left out in the cold (or the heat, as the case may be).

Progress in this area has been made on an ad hoc basis. For example, where new chanceries have been built, there are often excellent swimming, tennis and canteen facilities open to all. There are plans for recreational facilities in the new Tokyo chancery, if that project ever gets off the drawing board. But the Embassy in Paris is being renovated at great cost without even provision for an employee lunch room, let alone the type of canteen facilities that enable Canadians at new chanceries in Warsaw and Bonn to get together occasionally to greet new arrivals and discuss matters of common concern.

The spottiness of the approach results from the absence of a firm policy and coherent plan. I have the impression that the recreation issue provides a good example of the difficulties facing management in addressing global problems susceptible to different solutions. Recreation can be looked after in a variety of ways, depending upon local circumstances — for example, club fee subsidization (an FSD matter involving the Personnel Policy branch of Treasury Board Secretariat and the NJC) or construction or acquisition of the necessary facilities (a property matter involving the Program branch). There is, however, no central point of focus in the Secretariat where these broad issues can be discussed.

Access to a basic level of recreational facilities for all foreign service members must become a priority for the government and planning to meet this objective should begin immediately. The dividends such a policy would pay are self-evident.

Education

In this key area of family support, it seems to me that existing policies are generally fair and generous. Disruptions in children's education caused by foreign service are largely inevitable and the questionnaire responses show clearly that the heavy emphasis on subsidized secondary school education away from the post where required is the right approach to pursue, even though family separation has a distressingly negative impact on parents. I am particularly concerned, however, about two specific issues. One is the obvious need to take adequate steps to make up for the lack of Canadian content in education outside this country. This can be attacked in a variety of ways outlined in the staff report on the foreign service environment and should be instituted without delay.

A much more restricted but equally important issue is the difficulty now being encountered by francophone employees whose children enter the French lycée system during overseas service. I have been told that movement into and out of this otherwise excellent system is extraordinarily disruptive to the child. As well, if the child does move into another system (e.g., the Quebec or Ontario provincially-funded schools) while the parents are on home posting, the chances of gaining re-entry to an overseas lycée are greatly reduced.

Childrens' education problems are among the major reasons for leaving the foreign service. The lycée problem, if as serious as described, effectively discriminates against francophones in the foreign service and militates against their remaining in that Service. This situation cannot help but undermine otherwise serious efforts to increase and maintain the level of francophone participation. In my view this is an urgent problem because other factors (such as the ability to work in one's own language) are already working against this objective. The situation should be quickly assessed (I understand this is already in train) and serious consideration should be given to ways of subsidizing continued lycée attendance in Ottawa for francophone children following the lycée system overseas.

Continuity in education is the key concern of parents. Although I do not believe that anglophone children run the same disruptive risks as their francophone peers (simply because good English language instruction is more readily available and there is greater choice), I am convinced that the continuity problem becomes particularly acute in the senior high school years. I therefore support the concept of subsidizing (if parents consider it a requirement) the private school education of children who have reached those crucial years in Canadian private schools by the time their parents return to Canada.

Isolation

Foreign service members inevitably feel cut off from Canada and from their extended families. This is particularly acute for single people who bring no family with them and are not even eligible for family reunion privileges. I will have more to say on this subject under the benefits package. What I would like to stress here is that much can be accomplished in the way of improved morale and willingness to extend at particular posts by instituting a more liberal and flexible travel assistance policy that, like the Vacation Leave/Option plan, gives the employee freedom of choice and the option of returning to Canada at reasonable intervals. Air fares and hotel costs are rising so dramatically that families have to be very careful in deciding what they can afford, and each family unit or single person faces a different set of variables — to bring the grandparents from Canada, to meet half way, to meet children in Canada during school break, to send a child to visit a divorced parent, to re-Canadianize or to handle personally matters that cannot be dealt with from abroad.

Benefits and Compensation

The Foreign Service Directives (FSDs) are the government's chief instrument for dealing with particular conditions relating to foreign service. The benefits available under those directives are of two types. The incentive-inducement provisions (Foreign Service Premium, Post Differential Allowance) are designed to persuade the employee to accept the general disruption of foreign service and the particular difficulties of hardship posts. These improve the employee's financial position over what would pertain in Canada. Provisions in

the second category (including salary equalization, relocation expenses, education) compensate employees for costs incurred as a result of foreign service or attempt to provide a Canadian level type of service where this is definable and accessible (for example housing, medical evacuation).

The benefits regime has been greatly improved since I first knew it twenty-five years ago. It is comprehensive, conceptually responsive to the essential problems of the foreign service and innovative in its approach to different employee needs. The progress made in this area is clearly reflected in the fact that longer-service employees almost invariably focus their criticisms on the way in which the package is administered, not on its contents. Obviously improvements can be made in these contents. But overall, government has reason to be proud of the way it has responded to foreign service problems, and members of the Service should appreciate that they are generally well served in this area.

Non-financial Aspects of the FSDs

Like any set of regulations, the FSDs have tended to become more complicated and less understandable with the passage of time. The consultative process arising out of collective bargaining has undoubtedly brought added benefits for employees. At the same time, it has led to a certain mistrust of intentions on both sides and to a detailed spelling-out of provisions. In the long run, this works against employees' interests by reducing managerial flexibility in the interpretation of the regulations. Austerity and growth, in continually alternating cycles, have combined with these other ingredients to produce the major current irritant — the perceived meanness of FSD administration.

Without a detailed investigation of specific incidents it is quite impossible to establish exactly in which areas and for what reasons our foreign service members think they are being “nickel and dimed” to death — when they are not being treated as downright dishonest. This is, nevertheless, a fundamental problem for foreign service management — one that must be addressed with urgency and firmness.

The greater flexibility and improved administration that seem to be required, and to which my recommendations and suggestions are directed, can be achieved by action on two fronts. First, there should be a redefinition, or indeed a setting-out for the first time, of the general principles behind each section of the directives and the preparation of interpretative guidelines that show clearly the intent of the regulations. Secondly, authority must be delegated to the most directly involved line manager, in most cases the head of post. If there must be detailed directives, these should be illustrative rather than definitive and should not take priority over the principles, guidelines and statements of intent. We need to move in this area of employer-employee relations to an adult-to-adult relationship. A system that shifts responsibility to the field, that allows the post manager to respond to the employee's particular circumstances and that relies on post-audit procedures rather than pre-payment control is infinitely better suited to the foreign service than the regime now in place.

Incentive-Inducement Provisions and the Post Index System

Throwing more money at the system is not by any means the only or the best way to address and resolve the various problems besetting the foreign service. But clearly, money talks. Employees and their families are acutely conscious, as they move around the world, of the effects on their pocketbooks and on their ability to run a household, clothe their children, take holidays, accumulate savings, or build equity in capital goods. The message I received was that there has been a steady erosion of employee financial capacities. A number of factors are at play here. Some, such as economic downturn and inflation in Canada, are affecting the standard of living of all Canadians. No one argues that foreign service members can or should be shielded from these changes. But their purchasing power needs to be protected to the same extent as that of their counterparts in Canada. Nor can we lose sight of the fact that, according to our survey, at least 25 per cent of families overseas have given up a second income on going abroad. No doubt this loss affects family financial stability. At lower salary levels and for people with fewer years of service, the decreased cash flow can create serious difficulties, particularly when they are exacerbated by the high interest rates that now have to be paid on what are essentially enforced borrowings related to overseas postings.

No general prescriptions will be able to respond, nor should they, to employees' individual financial problems. These are too personal, too subjective, to warrant a global approach. What management has to do is ensure that the financial incentives and instruments put in place by government are achieving their objectives. A major instrument for maintaining the employee's financial capabilities is the Salary Equalization Adjustment (SEA). The key to that allowance is the Post Index system and that system is not operating effectively.

The independent study I commissioned (see Part III) identifies the major areas of weakness and confirms the well-founded nature of the criticisms of the system my teams and I encountered with depressing regularity around the world. I am convinced that change is required, that the conceptual and practical innovations proposed by our consultant make good sense, and that their implementation will pay high dividends to the employer in terms of heightened morale based on greater transparency of process and a better sense of equitable treatment.

I have been fortunate in having the full and helpful co-operation of members of the Statistics Canada staff throughout my inquiry and specifically in relation to the Post Index study. We have had intensive discussions with Statistics Canada and our consultant regarding the thrust of the latter's recommendations as well as the difficulties that might be encountered in their implementation. To introduce a new system successfully will certainly require extra effort, resources and ingenuity on the part of the expert staff concerned as well as the full support and direction of the National Joint Council. I was pleased to note, however, that Statistics Canada is in general agreement with the new departures proposed and I am confident that the problems they have

identified and that we have worked to clarify can be ironed out to everyone's satisfaction.

The changed system would have a number of distinct advantages. The modified formula, based on Canadian expenditure patterns suitably modified to meet local conditions, more adequately meets the employer's stated objective of providing the employee with purchasing power comparable to that enjoyed in Ottawa. It should also be more easily understood and accepted by those abroad. Trained price collectors and agreed editing guidelines will eradicate suspicion and remove employees and their families from a process in which they have a vested interest. The spendable income concept, with its variation from the current 55 per cent disposable income level, will provide a more equitable distribution of salary equalization funds, based on the reality of family spending patterns at different salary levels and family size.

In implementing change it is important for management and the unions to remember that Statistics Canada provides a purely technical service with regard to the Post Index system. Explicit policy guidance must come from the National Joint Council. Wherever there is doubt as to the workings of the system or as to the nature of the guidelines to be set out, the National Joint Council would be well advised to seek outside expert advice to ensure full understanding by all concerned of this highly technical and complex subject.

Having satisfied itself and its employees that the SEA is working properly, management must then address the real incentive-inducement provisions to see if they are achieving their objectives. In my view, it is clear that the Post Differential Allowance (PDA) is not large enough to act as an effective inducement to serve at hardship posts, particularly those at the lower end of the scale. In such a mobile group as the foreign service, conditions from post to post are well known and are constantly being compared. The anomalies that the indexing of the foreign service premium introduces into the system are, therefore, plain for all to see. Effectively, high index posts with no PDA entitlement often produce higher incentive payments than the worst of the hardship posts where the index is more likely to approximate the Ottawa level of 100. It is time to de-index the FSP (with appropriate grandfather clauses for those on post), to increase the PDA to meaningful levels, with greater incentives at the most difficult posts, and to contemplate an increased inducement for those who agree to extend their postings in these circumstances.

Even at the increased levels recommended in the staff report on the Foreign Service Directives, the PDA would in any case not cover potential recreational expenses. The government should drop the relationship established between the PDA and recreation and tackle the latter as a separate issue.

As for the FSP itself, its value in relation to salary and Canadian conditions needs to be maintained by regular indexing to an appropriate Canadian base. My priority in the area of increase of general incentive-inducement is the payment of an FSP to the spouse, based on and not less than half the amount being paid to the employee and without prejudice to that amount.

Compensatory Benefits

A number of the key issues have already been addressed under the heading of Environment and the Family. They are repeated here briefly only to emphasize that a revision of the existing FSDs is involved.

Education: Subsidization of lycée education for francophone children on return to Ottawa and of anglophone dependents already launched into senior secondary grades at Canadian private schools would contribute substantially to continuity of education and encourage francophone employees to remain in rotational service. Subsidization of Canadian studies courses by various methods both abroad and in Ottawa would fill an obvious gap now existing in the education directives.

Leave and Vacations: There is evidence that austerity measures have adversely affected the granting of Canada Leave. Vacation travel, re-Canadianization and family reunion (whether with immediate or extended family at post, in Canada, or elsewhere) are the key to longer postings abroad, better morale, greater motivation and recharging of psychological batteries. Employee and family choice within clear guidelines, rather than explicit, restrictive regulations based on paternalistic management views, should govern the decision making process. Provisions should be flexible to suit differing needs. I recommend the elimination of all existing travel directives (except family reunion) and the substitution for them of the right to receive an accountable travel allowance for employees and all dependents up to the equivalent of a return economy fare to Canada once a year from all posts. This allowance could be used in portions for different trips or to bring parents or friends to the post. Much administrative time and money would be saved and employees would have full freedom to choose and plan according to their circumstances. This could be accompanied by a separate vacation allowance (see the report on the Post Index system in Part III) to meet the portion of vacations costs (excluding air travel) considered likely to be incurred over and above the costs in Canada. Consideration might also be given to modifying the present Vacation Leave/Option to permit the employee to exchange earned vacation leave credits for an additional Vacation Leave Allowance (based perhaps on salary).

Housing and Rent Shares: I am not inclined to recommend elimination of rent shares. They serve a useful purpose for the employer by introducing a cost factor into relations with the employee and for the employee who can relate his rent share deductions to what he receives in return. The existing level of these shares is unfair to certain employees — those, for example, who own their own homes free of mortgage and those whose housing costs in Ottawa would not normally change with family size. The provisions for a deficiency adjustment to an employee's shelter cost in cases of sub-standard housing abroad are incongruous, difficult to administer and destructive of morale. I would advocate housing standards based on local relativity (as previously recommended), a percentage decrease in shares across the board (10 to 15 per cent) to take account of different situations overseas and abolition of the sub-standard housing provision.

Relocation Expenses: These must be given greater flexibility of interpretation to fit individual but defensible submissions. The present insurance arrangements for personal effects based on depreciation values must be replaced by an adequate package including replacement value coverage and adequate upper limits. Employees are bearing inordinate interest costs in posting situations where they have no control over the timing of their expenditures. Interest-free loans with carrying charges might be introduced. An alternative would be interest at half the current rate. In addition, the amounts available as loans are inadequate. They should be adjusted to more realistic levels and then indexed. Lastly, repatriation on retirement should be to the employee's Canadian home base, not necessarily to Ottawa.

The Management of Human Resources

Individuals in the foreign service are in a constant state of flux. The only certain thing is change. With the possible exception of the RCMP and the military, where personnel management is based on unique codes of discipline, no other branch of government moves as many as one-third of its employees every year. Nor is it likely that any other department, except perhaps Supply and Services, has to be geared to respond to the variety of program demands of other departments to the extent expected of the foreign service in the past and bound to increase under consolidation.

These unique characteristics of foreign operations have far-reaching implications for personnel managers in the career rotational service. The effects of change on the stability of individuals and families assume great importance. Poor staffing decisions and inadequate training of personnel can have costly program, as well as personnel, implications. A very high level of planning and effort is required just to keep the rotational machine ticking and the vacant slots filled.

Central Management's Role

I am not convinced that the unique problems generated by the rotation process and the associated pooling system are fully appreciated in the central agencies. Nor is due regard given to the disruptive and overload effects of new policies and the creative effort required to adapt them to the rotational service. Some sort of protective mechanism is required. The answer is not a separate foreign service operating under a different regime. I think most foreign service people would agree that such a separation would do more harm than good. What is required at a minimum is an acceptance by central management (and perhaps a mechanism that confirms and implements that acceptance) that the conditions and particular characteristics of foreign service sometimes impose or require a different policy approach, a different time frame for implementation or a different level of resources than would be the case in the rest of the public service.

Treasury Board officials have indicated to me their willingness to develop a set of principles of personnel management to govern the foreign service within the context of the broader exercise they are now undertaking for the public service as a whole. I believe this would be a useful first step toward ensuring that the particular concerns and problems of the foreign service are taken into account, that personnel policy and program policy are consistent with one another and that flexibility is introduced where required. These guidelines should be reinforced by legislative authority clearly assigning responsibility for managing the foreign service personnel system to the Department of External Affairs.

Foreign Service Personnel Policies and Practices

The unique nature of foreign operations and the foreign service has been recognized in many ways over the years, including innovative systems for appraisals and promotions, a pooling of positions and a very flexible method of assignment, and a recruitment and development process for officers that contributed greatly to *esprit de corps* and to a high level of dedication and effort. Although the different parts of the foreign service developed separately, this dedication was characteristic of all its components.

Responsibility for the personnel management system is now being centralized (with the notable exception of part of the Trade Commissioner Service) in one authority at a moment when *esprit de corps* is probably at its lowest ebb and there is serious questioning at all levels as to whether the game is worth the candle. In what is supposed to be a career service there is an alarming level of cynicism and indeed legitimate doubt as to the prospects for upward movement. The appraisal and promotion systems are suspect, training and career development are considered inadequate, at least by those in External Affairs, and employees generally (and specifically at the administrative support level) do not perceive the External Affairs personnel management system as meeting — or even recognizing — their needs.

Foreign service management faces a tremendous challenge to make the consolidated personnel system work in such an atmosphere — and other problems beset it at the same time. If the individual in the foreign service is certain of nothing but change and having to cope with change, this is equally true of the system of which the individual is a part. It is subject internally to discontinuity of personnel, a lack of consistent, continuing policies and attitudes, the absence of specialized expertise and a failure to capitalize on what it does have, insufficient resources to accomplish basic training and development goals, and a lack of commitment to the importance of human resource issues in the foreign service generally and at senior management levels in particular. Outside pressures are manifest in the partial move to integration in the seventies, in the partial move to consolidation in the eighties, and in the creation of the senior management category, with its as yet unassessed impact on the foreign service officer group.

When I contemplate the problems the foreign service personnel system faces and generates, I marvel at the fact that it works at all and I am filled

with admiration for those who cope and keep it going. But we need to do far more than cope. The career concept must be rejuvenated and reinforced at all levels if the rotational service is to last in anything like its traditional form. Consolidation and the new program demands it implies require a degree of planning for training, career development and mobility and consistency and continuity in applying such plans far beyond what the system has been able to produce and implement to date. Socio-cultural pressures are combining with a greater need for interchange between the domestic and foreign services to dictate the development of different career patterns and a variety of new approaches to staffing our posts abroad.

To accomplish these new departures in personnel management, certain basic steps must be taken:

1. External Affairs senior management must make and maintain an absolute commitment to the overriding importance of personnel management in a service that depends above all on the efficient and effective use of human resources to accomplish its objectives. In practical terms this means identifying the personnel activity as a major function of the Department, assigning responsibility for its effective discharge to managers at the most senior level, allocating resources in a manner consistent with the importance of the function and recognizing the key imperatives of consistency and continuity.
2. The Treasury Board and the Public Service Commission must respond to such a commitment by giving full support: first, by agreed principles; second, by sufficient resources; third, by parallel action in the domestic service to support and encourage mobility between the two parts. The adoption of the concept, long followed in the rotational service, of appointment to level for the senior management grades of the domestic service will assist movement back and forth. But mobility, either by secondment or lateral transfer, is just as essential at lower levels and in other classifications and the central agencies will have to be much more active than they have been in the past if this picture is to improve.
3. Employer and employees need to re-examine the traditional career pattern and co-operatively devise innovative and more flexible approaches to meet changing social and work-related pressures. Employee groups should, it seems to me, re-assess the advantages and disadvantages of the closed system. For many individuals it now leads to a sense of being trapped. Although there is still a very strong impulse to protect the Service from outside incursions, there is a conflicting and equally strong desire to see movement out into other parts of the public service made easier. The system needs greater flexibility and a less doctrinaire adherence to past practice. People need to be able to get in and out and do different jobs with a minimum of impediment and a

maximum of assistance. A smaller but more professional and more dedicated core of career employees may be the result.

4. Within the personnel system in External Affairs, top priority must be given to establishing continuity and expertise. Professional personnel talent should not only be acquired but kept. The turnover in such staff after they have had the essential overseas experience is unacceptably high and indicates an abysmal lack of forward planning. I can only attribute this to the absence of continuity, consistency and institutional memory within the system. Early completion of the computerized personnel information system as an essential base for the planning and career development process should be another top priority.
5. The personnel policy vista in External Affairs is dotted with chops and changes. Greater stability must be imposed and in my judgement this can only be assured by the introduction of a much more disciplined and longer term planning process. Within that process, the legitimate career needs and aspirations of administrative support staff must be given the same priority as those of the officer group and individual skill requirements imposed by changing program demands on the foreign service must determine the thrust of personnel planning. Hence there is an urgent requirement to marry the operational and personnel planning processes.

Employee concerns about existing personnel practices have been manifest throughout my inquiry. The closed career rotational system has a major disadvantage in that management takes (indeed has to take) the initiative in key areas affecting the employee's career — promotion, assignment, career development and training. When things go wrong or don't satisfy the employee, management is to blame. The net result is a 'damned if you do, damned if you don't' situation. A very fair promotion system where every possible candidate is considered becomes the butt of criticism when the process can only produce a mouse. Promises of (and detailed plans for) training and career development for clerical office managers becomes a joke if nine times out of ten the exigencies of the Service preclude releasing employees for reasonable periods of structured or on-the-job training. My suggestion is that an element of greater employee initiative and competition be introduced in a number of these areas to lessen the load on personnel managers. Written examinations and board interviews, for example, could be introduced at key career levels to help determine promotion eligibility, and training assignments could be allocated by competition.

I am also concerned by the noticeable lack of career progression opportunities for administrative support staff. Secretaries are singularly badly served in this regard. The growth of the Department and perhaps the integration of support staff in 1971 seem to have significantly reduced individual chances to develop and display talents beyond a narrow field of endeavour. Not only is this bad for the employee, but the employer loses out by failing to capitalize on the

potential of available human resources. This is particularly unfortunate in a service characterized by relatively small work stations with a variety of changing tasks to perform.

The Commission had detailed discussions with Treasury Board and departmental staff regarding the foreign service employee concept. Essentially, the grouping of all foreign service administrative support staff into one category or classification would be useful only if it facilitated upward or sideways mobility and enabled individuals to take on and be compensated for different tasks and added responsibilities. Whatever system is devised should allow progression (in a suitably competitive framework) right to the top of the administrative officer class and should provide, as has happened on several occasions in the past, for mobility across to the foreign service officer group. As in the case of the latter group, it should not be a closed system; the realities of the situation would require replenishment and renewal at all levels as well as the opportunity for lateral transfer to the domestic service when circumstances dictate.

Consolidation requires that job content be carefully reviewed to ensure that employees are being used to potential, without the imposition of arbitrary limitations through classification or rank. I have grave doubts that the talents of immigration officers in a number of posts and positions are being properly exploited. The same applies to certain junior External Affairs officers. There is room for re-assignment of duties that will increase job satisfaction for a whole gamut of employees. But this requires imagination at the post, support and flexibility at the centre and full employee co-operation, unhampered by sensitivities regarding work assignments and the judgements of line managers.

Last but not least, if a career is to be a real career for either officers or support staff, it has to have, and be seen to have, a shape, a meaning, a direction. Far greater emphasis must be put on initial training, on the identification of strengths and weaknesses and the encouragement of the employee's particular talents and aptitudes, on career counselling and on the development of special skills required in today's foreign service. In the great generalist versus specialist debate, I incline to the latter side. Individuals require a firm initial grounding and knowledge in a particular area before going on to being 'all things to all men'. Indeed, many foreign service members will have greater job satisfaction and be more effective if they stay within their specialty. Generalists grow out of specialists and not the other way around. What the system must do is facilitate first, the firm grounding and second, the spreading of wings of those who are so inclined and endowed.

Managing the Foreign Service of Tomorrow

Government has been wrestling with the problem of foreign service management since Glassco. The *thrust* of change has been toward a unified Service operating under a single departmental authority for both the personnel

management system and the delivery (but not necessarily the development) of programs. The *intent* of change appears to have been twofold, although the priority assigned to one or other of the objectives is not always clear. First, there was a desire to integrate our overseas activities and to ensure coherence in Canadian bilateral and multilateral relations — to develop, in short, a planned and unified approach to the attainment of Canada's foreign policy objectives. Second, it was hoped to achieve a more rational, cost effective use of the human and physical resources hitherto devoted to foreign operations by a number of different departments and agencies.

I have no quarrel with these objectives. The time had indeed come to reassess and redirect our foreign operations. Much agony might have been avoided if more decisive moves had been made at the centre after the Pierce or Steers reports to direct and evaluate change. However, I accept that bureaucracies being what they are, the best laid plans are difficult to put in place, let alone implement.

Some very perceptive analyses of the foreign service management issue have been done and are as relevant today as they were when first published.* The problem of how to lead and inspire the troops as well as to plan, organize, direct and control the wide variety of tasks now assigned to a more or less unified service is one that must be addressed and solved by the managers themselves, at the centre, in External Affairs headquarters and in the field. I am not a management consultant, nor sufficiently versed in current managerial issues and requirements to be able to recommend a specific plan of action for managerial change.

What I most usefully can do is to highlight the key issues that need to be addressed and suggest ways of doing so that I believe will be productive. In the course of that exercise, I hope to respond to the Prime Minister's request for "advice and guidance as to where we are going wrong and where we should move to correct that."

Central Management Issues

The Role and Function Question

The role of the foreign service as the interface at the official level between Canada and the rest of the world is not being questioned nor has it changed over the years. What has changed is the impact of other players on that interface, the breadth and depth of subject matter now at issue and the nature of the foreign service itself. Some of those within the Service, having undergone a period of uncertainty and upheaval, are inclined to question whether the functions they perform, be they policy advice, co-ordination of our internation-

* See, for example, W.M. Dobell, "Interdepartmental Management in External Affairs", *Canadian Public Administration* 21/1 (Spring 1978) and the authorities he cites. See also Allan McGill, "A Study of the Role of the Department of External Affairs in the Government of Canada".

al relations or delivery of specific programs, are useful or relevant to Canada's foreign policy objectives and hence to the furtherance of Canada's national interests.

A good deal of this feeling of loss of contact with the mainstream of Canadian concerns and activities, particularly among those serving abroad, is inevitable. Much of what the foreign service does is of a service nature or reactive to unforeseeable events. Policy making is becoming more centralized and the policy issues tend more and more to be the outgrowth of domestic concerns over which foreign service people can have only a modicum of influence. That being said, it would be most unwise to under-rate the importance of an effective foreign service in the achievement of our political and economic objectives or to forget that Canada has very special foreign affairs concerns that require constant attention. Certainly all those I consulted outside the Service were looking for very specific inputs from that Service — political and economic advice of a strategic and tactical nature, effective and prompt delivery of services and programs, and organizational skills for every conceivable type of international encounter from the summit on down.

My message to the Government and to central management on this issue is a simple one. Attitudinal change is required if the morale problems engendered by the events of the past decade or so are to be overcome. Concrete steps should be taken to correct the widely held view that those in positions of power consider the activities and the product of the foreign service as largely irrelevant to federal government or Canadian objectives. Foreign service managers have a responsibility to respond to this problem because to a considerable extent, it is the result of internal policies and attitudes. But in the first instance it is the responsibility of the centre to show the leadership, direction and support that both politicians and bureaucrats must exhibit if they are to get the best out of their people.

Consolidation — Yes or No

Very definitely yes — but only if the process is carried to fruition. Otherwise, consolidation should be reversed. The present arrangement holds precisely the same seeds of discontent and disharmony, not to mention inefficiency and ineffectiveness, as were seen in the half-hearted integration attempts of the early 1970s. The foreign service manager's accountability for effective and efficient delivery of programs is likely (in a manner reminiscent of ICER country program discussions) to disintegrate into a haggling over the use of person-years and financial resources. Home department scrutiny of and control over specific human resource use will create impermeable cones — indeed ghettos — within the foreign service officer group and effectively undercut the objective of government policy which is to create a single Canadian foreign service working for all parts of government.

In order to make consolidation work, I would suggest the setting of an early deadline for the incorporation of the entire Trade Commissioner Service into the consolidated foreign service; the revision of the existing interdepartmental agreements to get rid of any suggestion of co-management arrange-

ments in the foreign service personnel management system and to underline the foreign service manager's freedom *and* responsibility to use assigned resources, in the best way he sees fit, to meet the objectives assigned him by departments and the government; the use of the Personnel Management Committee in the role originally intended, that is, as the arena for the protection of the interests of the program departments, for the settlement of disputes and the discussion of personnel management issues impinging on the delivery of programs; and the establishment of an objective system for evaluating the progress being made toward the achievement of the government's consolidation objective, which is the most efficient and effective use of human resources. All of this must be the subject of an implementation process led and monitored by the centre. Consolidation is too important a departure to expect that it will be realized without such direction.

It is time for the government to bite the bullet on this, the most basic foreign service management decision yet to be made. It is this kind of decisive leadership and direction the foreign service will respond to and that will challenge foreign service managers to create the management systems and atmosphere needed for successful consolidation. The corollary to this is that foreign service management must put its own house in order. I discuss under the heading "Policy versus Operations" the absolute necessity within External Affairs of recognizing the importance of operations if that Department is really to serve all parts of government.

A Foreign Service Act — Yes or No

The government should not in my view consider legislating a separate foreign service management system similar, for example, to the one now in place for the Office of the Auditor General. The foreign service needs more, not less, contact with the domestic service and the concerns of that part of government. But the conditions of service abroad are unique and the personnel and financial systems suitable to a static domestic environment are not necessarily right for the foreign service. This fact is already recognized implicitly in the various exceptional procedures in place. It should be recognized explicitly by agreed foreign service personnel management guidelines and legislative provisions that recognize the occasional need for a different regime. In the field of legislation, I am convinced that it would be useful to amend the External Affairs Act to accomplish a number of objectives:

1. to designate a single responsibility centre for the management of the consolidated foreign service;
2. to delineate the responsibilities of that Service to deliver such programs abroad as the government may order;
3. to establish the authority and responsibility of the head of post vis-à-vis his mission, his home department and the domestic departments with overseas programs;
4. to recognize the need for occasional exceptions to domestically oriented policies and programs in the personnel and financial administration fields, where foreign service requirements dictate

such exceptions, by providing for regulations to be issued jointly by the Treasury Board and External Affairs.

Consideration should also be given to delineating in that same legislation the co-ordinating and integrating responsibilities of the Department of External Affairs with respect to Canada's international relations. I stated earlier that I have difficulty with the concept of the Department as a central agency, insofar as the concept has any connotation of control. The Department's responsibility to advise on likely foreign reactions to Canadian policies and programs and to bring coherence to our foreign relations bears more resemblance to the horizontal mandate of a Ministry of State than to a central agency (and the Department has encountered the same problems that such Ministries, lacking budgetary control, have experienced in the past). Its only lever stems from operational control over the means of communication with foreign governments, but this is a feeble instrument at best. The fact is that co-ordination and integration are only as effective as the Cabinet intends and allows them to be and are highly dependent on the intellectual and moral clout of the individuals concerned at all levels of the system.

The success of the Cabinet committee system, the envelope approach to budgeting and control and priority-setting, and how these systems operate in the foreign policy field are subjects outside my mandate. But they have important implications for the successful management of External Affairs' current responsibilities. In a department that, in expenditure terms at least, devotes seventy per cent of its efforts to providing services and effecting operations for other government departments, it is essential that objectives and priorities be clearly established and communicated to all concerned. If this does not happen at the Cabinet level or in the relevant committee of deputy ministers, foreign service managers will have a tough time planning ahead or shifting resources to meet urgent requirements.

External Affairs Management Issues

Policy versus Operations

As matters now stand, the Under-secretary of State for External Affairs wears too many hats. His operational responsibilities for programs of other departments seem to conflict with his co-ordinating and integrating role as well as run counter to the traditional staff or policy orientation of the department.

Perhaps it is possible for the most senior public servant in External to direct, control and interrelate these activities. But for those working under him I think it is essential to differentiate clearly among these varying functions and to treat them with equal importance. Allan McGill said in 1976, "The Department of External Affairs has traditionally seen itself, and is so regarded by many others, as primarily a policy organization."

Unfortunately this statement still holds true. The success of consolidation — and it is External Affairs management that must make it work — hangs on

the Department's ability to manage its staff and line functions equally well. Essentially, my recommendation is to separate the policy and operations elements at headquarters and to assign equal importance to each. The staff report on the management of the foreign service outlines various organizational changes that might facilitate this task. The Secretary of State for External Affairs now has two individuals of deputy minister rank, the Under-secretary of State for External Affairs and the President of CIDA, reporting to him. The proposal for a separate Under-secretary (Operations) holding equal rank with these other deputies and providing operational support to both of them as well as to a number of domestic departments would appear to me to be most appropriate in the circumstances. Until this is done, I greatly fear that neither the people nor the programs that have been consolidated will be well served. The clear separation of policy and operations would not only improve management, but would have the further advantage of enabling the Department to strengthen its policy advisory arm and to regain its credibility at the policy formulation level in Ottawa. The current mixture of responsibilities, in which policy advisers are caught up in crisis management and day to day operational demands, results in diluted and weakened policy and management capabilities. The urgent consistently wins out over the important, an inevitable result in essentially responsive situations.

The line management capabilities of the foreign service have been severely criticized in the past. Individuals who have had experience running programs and directing groups of employees may be better prepared to tackle some of the traditional management functions than those whose experience is largely in the policy advisory or staff side of foreign service activity. However, the foreign service has been managing international relations for years — and in the great majority of cases doing very well under sometimes difficult and extraordinary circumstances. What it seems reluctant or unable to do is to focus the managerial talents that plot a smooth-running summit meeting or battle successfully against overwhelming odds in the Law of the Sea debate to plan and carry out the fundamental operational and personnel requirements of a consolidated foreign service.

The Importance of People

The foreign service personnel management system and the people it encompasses are crying for continuity, consistency and responsive support in every area of activity. Foreign service management must make and keep a commitment to assign top priority to the personnel function and to interrelate it directly with the operations of the foreign service. Planning is no use unless the planners can relate to agreed operational requirements. Recent practice in External Affairs seems to have been to label plans 'self-destruct on release'. Lack of continuity at both senior and junior levels is an issue that management must resolve satisfactorily if it is ever to run an effective system under the special circumstances pertaining in the foreign service. Management must deal with unions to plan new approaches to the rotational career. It has to restore the *esprit de corps* of the foreign service at all levels through motivation, job satisfaction and adult-to-adult staff relations. The planning and execution of

the personnel programs arising out of consolidation will be a major challenge and it is absolutely essential that that planning be tied directly to operations.

The Head of Post — A Key Manager

Foreign service management's aim should be to decentralize to the head of post the maximum authority in every area of activity. 'Let the managers manage' is a particularly valid principle when headquarters is thousands of miles away. I have already mentioned the advantage I would see in enshrining a reference to head of post authority in the appropriate legislation. The government, in deciding to go for consolidation, has put a particular responsibility, indeed a unique demand, on the post manager. He or she is answerable to several masters, not just one, and I anticipate that during the shaking-down period of consolidation our heads of post, who already feel somewhat cut off from and ignored by headquarters, will find themselves walking a fine line between differing program and departmental demands. Management must organize to meet effectively the new situation created by consolidation and to support the head of post fully in this new role.

More consultation trips to Ottawa by heads of post should be a first priority. It is only in this way that the post manager can meet face to face with key domestic officials for whom the post is delivering programs. Without these meetings, where progress and problems can be assessed, I believe the present head of post appraisal system will end in chaos. In addition, I think the head of post should be able, as the Comptroller General has suggested, to call upon the Inspection Service for objective independent advice on how to handle a problem. Such service and advice should be kept separate from the post-audit functions that are an essential feature of head of post accountability. Recognizing the particular expertise, responsibilities and problems of the head of post is one part of bridging the present gulf between Ottawa and posts abroad. A distinct line between policy and operations in Ottawa should also contribute to clearer, more specific tasking of posts and better feedback. In the current situation, Ottawa managers seem unable to respond adequately to those inward and outward responsibilities of External Affairs that McGill identified for us some years ago. Similarly, they are failing to take advantage in many cases of the core of knowledge that exists out there at the end of increasingly instant communications lines.

The Costs of Foreign Operations

This dry as dust subject is really the key to External Affairs managerial success. As I found to my chagrin over the past year, present budgeting and accounting practices seem designed more to conceal than to reveal the real cost of running the foreign service. This obscurity means that no one can identify satisfactorily the future cost implications (in terms, for example, of personnel training, physical plant, human resources) of a new or expanded program abroad or an incremental increase in External Affairs responsibilities in Ottawa. It also inhibits the Department's ability to protect, in times of austerity, what I believe should be recognized as essential and inviolate

people-oriented costs. Foreign service management must obtain independent advice from the Comptroller General and the Auditor General on their budgetary and accounting systems and must lay great stress on identifying the financial building blocks that represent the overhead costs of doing business abroad. Only in this way can they present clear, defensible statements of cost implications during Cabinet or Treasury Board discussion of new programs and make sensible proposals for reduced activity in times of restraint.

Fewer Things to Fewer Men

Like Sherwin-Williams, we cover the world. I attach great importance to identifying operating and program costs because I am convinced that our resources are spread too widely and often too thinly around the world. This approach may be gratifying to a host of different interests both in the foreign service departments and outside, but I doubt that it gives us the best bang for our buck. I would suggest the development of a ten-year plan of retrenchment, aimed at cutting out peripheral activities, closing our minimal posts, devising innovative and flexible ways of providing services to the public and to our most beleaguered missions and redirecting the resources saved to more immediate or long-term priorities. Such an exercise would require full prime ministerial and ministerial direction and support. Otherwise, it is doomed to failure — the incremental approach and the ‘all things to all men’ attitude are much easier to slip into even though the end result is detrimental to all the objectives of government. Within the foreign service departments, and in External Affairs particularly, a retrenchment and rearrangement policy designed to focus our overseas efforts more sharply and to make best use of our human resources would require the strongest commitment on the part of senior management in order to overcome the inevitable territorial battles among vested interests.

The benefits to government would far outweigh these disadvantages and difficulties. The foreign service — which is essentially people — would be re-directed, rejuvenated and re-motivated. Its product would be improved and the relevance of its activities, programs and advice to Canadian objectives would be clear to see. Such a result would be worth a good deal of blood, sweat and tears by foreign service managers. That is the challenge of the 1980s for External Affairs!

Implementation and Review

As I have mentioned elsewhere, there is a good deal of cynicism in the foreign service about this inquiry and about the Government's intentions to implement any recommendations I might make. To answer this, I would suggest first that my report should be tabled in the House of Commons and referred to the Standing Committee on External Affairs and National Defence with the reference renewed as necessary. The Government should set a target date for putting my recommendations into effect and regular reports should be issued until then on the progress or lack thereof being made in implementation.

One year from the tabling and referral date, the Department of External Affairs and central agencies involved should report back to the Committee on the steps that have been taken with respect to my recommendations. This should be a report that certain recommendations have been accepted or implemented or are in the process of being implemented and will be in effect by a given date. It could also contain a statement that the Government has decided, for reasons that would be given, not to implement certain of my recommendations or to defer them. I would suggest further that the Committee deal with my report as a separate item on the parliamentary agenda and not as part of the consideration of the Estimates. It is important enough to the future of the foreign service to warrant special treatment.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Generally, the Royal Commission on Conditions of Foreign Service concludes that:

1. Everything possible should be done to mitigate the adversarial atmosphere that characterizes so many aspects of employer-employee and employer-family relationships in the foreign service. (p.16)*

2. Concrete action should be taken to recognize the spouse as a key human being in foreign service life and the family unit as the core of a rotational career service. (p.17)

3. The caste system, which dominates the foreign service and unnecessarily reduces the support staff, their families and often other groups to the status of second class citizens, must be attacked immediately. (p.17)

4. The incentive system for service abroad must be restored and made to reflect more accurately the changing character of foreign operations as well as the changing face of the foreign service. (p.17)

5. Career aspects of rotational foreign service (for both officers and support staff) require much more attention than has heretofore been seen as possible or necessary. (p.18)

6. Action must be taken to ensure that consolidation of the foreign service works and does not simply exacerbate existing difficulties. (p.18)

7. Systems now in place need to be evaluated and improved in order to establish foreign policy objectives and priorities, co-ordinate and integrate Canadian international policies and activities and give direction and guidance to posts abroad. (p.19)

8. The imbalance that now exists between Ottawa and posts abroad needs to be corrected; it is essential to let managers manage and make them manage. (p.19)

* Exposition of the conclusions and recommendations will be found in the text at the pages indicated.

9. The relationship between government and the foreign service needs re-orientation and strengthening. Attitudes must change and decisive leadership must be shown. This is the key to improving morale. (p.20)

10. The career rotational system should be maintained as the best approach to foreign service, but there should be no legislation establishing a separate personnel regime for the foreign service. (pp.21 and 45)

More specifically, the Commission recommends that:

Environment and the Family

1. Spouses be recognized as individuals in their own right and be communicated with directly. (p.24)

2. The Foreign Service Community Association be funded to provide basic personal and family support services in Ottawa and that the Association itself take steps to ensure that it truly represents and serves the needs of the whole foreign service community at home and abroad. (p.26)

3. Discrimination in the granting of travel documents to foreign service members be eliminated, that is, that the same type of passport be issued to all foreign service members, their spouses and dependents. (p.26)

4. Diplomatic status be requested for all service members where there is any question that its absence would jeopardize their personal security or that of their families. (p.26)

5. Health and Welfare Canada doctors overseas be given diplomatic status and the appropriate passports wherever they are stationed or accredited. (p.30)

6. Diplomatic status be granted to members of the administrative support staff in recognition of long service. (p.26)

7. Management take positive action to ensure that non-diplomatic personnel either benefit from diplomatic perquisites or are adequately compensated through the allowance system. (p.27)

8. Explicit instructions be issued by Ottawa to all posts to ensure equitable treatment of administrative support staff. (p.27)

9. Steps be taken to create conditions under which spouses have the freedom to fit into foreign service life in the way that best suits their individual needs and choices. (p.27)

10. The government pay a foreign service premium to spouses based on the premium payable to the employee. (p.27)

11. A position of official residence administrator be created at each post and that the spouse of the head of post have the right to this position. (p.28)

12. The Department of External Affairs take special steps to assist foreign-born spouses to acquire citizenship on the basis of the judicial rulings now in force. Furthermore, should there be any move to amend the residence requirements of the current Citizenship Act in such a way as to negate the judicial rulings, the special provisions of the old Citizenship Act should be re-instituted. (p.29)

13. The employer take all necessary steps to ensure physical security arrangements abroad and that funds earmarked for security be among the 'untouchable' elements of the External Affairs budget. (p.29)

14. Adequate life and injury insurance arrangements be put in place. (p.29)

15. Housing be allocated on the basis of family size, with representational responsibilities playing a minor part in the allocation at levels below the rank of counsellor; that accommodation decisions be made on a local relativity basis; and that such decisions be taken at the post with input from a Housing Committee containing adequate administrative staff and spouse representation. (p.30)

16. The Public Service Health Program overseas be oriented to a more clinical, treatment approach. (pp.30, 31)

17. Access to a basic level of recreational facilities for all foreign service members be a priority for the government and that planning to meet this objective begin immediately. (pp.31, 32)

18. Adequate steps be taken to make up for the lack of Canadian content in the education of foreign service children outside this country. (pp.32, 37)

19. The employer recognize the importance, particularly for francophone employees, of continuity in education for foreign service children. (pp.33, 37)

Benefits and Compensation

20. The administration of the Foreign Service Directives be made more flexible and efficient. (p.34)

21. There be a redefinition of the general principles behind each section of the Directives; that interpretive guidelines be prepared that clearly show the intent of the regulation; and that, if there must be detailed directives, these be illustrative rather than definitive and not take priority over the principles, guidelines and statements of intent. (p.34)

22. Authority with respect to the FSDs be delegated to the most directly involved line manager, in most cases the head of post. (p.34)

23. Post-audit procedures replace pre-payment control. (p.34)

24. The Post Index system be revised along the lines proposed by our consultant. (p.35)

25. The value of the Foreign Service Premium cease to be related to the Post Index (with appropriate grandfather clauses for those at posts) and that it be maintained by regular indexing to an appropriate Canadian base. (p.36)

26. The Post Differential Allowance be increased to meaningful levels, with relatively greater incentives provided for service at the most difficult posts and that consideration be given to increased inducements for those extending in hardship posts. (p.36)

27. The government drop the relationship established between the Post Differential Allowance and recreation. (p.36)

28. Existing travel directives (except family reunion) be eliminated and replaced by the right to receive an accountable travel allowance for employees and all dependents up to the equivalent of a return economy air fare to Canada once a year from all posts. (p.37)

29. Consideration be given to a separate vacation allowance to meet the portion of vacation costs (excluding air travel) considered likely to be incurred over and above the costs in Canada. (p.37)

30. Consideration be given to modifying the present Vacation Leave/Option concept to permit the employee to exchange earned vacation leave credits for an additional Vacation Leave Allowance. (p.37)

31. Rent shares be decreased across the board in order to allow the elimination of deficiency adjustments in rent shares for sub-standard accommodation. (p.37)

32. There be greater flexibility in the interpretation of relocation expenses in order to fit individual but defensible submissions. (p.38)

33. Present insurance arrangements for personal effects based on depreciated values be replaced by a package including replacement value coverage and adequate upper limits. (p.38)

34. Interest-free posting loans with carrying charges be introduced and that the maximum posting loans be raised to more realistic levels and then indexed. (p.38)

35. Repatriation on retirement be to the employer's Canadian home base, not necessarily to Ottawa. (p.38)

The Management of Human Resources

36. Central management develop a set of principles for personnel management in the foreign service in which the unique conditions and particular characteristics of foreign service are recognized. (pp.38, 39)

37. The External Affairs Act be amended to assign to the Department of External Affairs clear responsibility for managing the foreign service personnel system. (p.39)

38. External Affairs senior management make and maintain an absolute commitment to the overriding importance of personnel management. (p.40)

39. Treasury Board and the Public Service Commission act to support and encourage mobility between the foreign and domestic services. (p.40)

40. External Affairs, the unions and the employees re-examine the traditional career pattern and co-operatively devise innovative and more flexible approaches to meet changing social and work-related pressures. (p.40)

41. The legitimate career needs and aspirations of both officers and administrative support staff be given much greater recognition and attention. (p.41)

42. An element of greater employee initiative and competition be introduced in a number of career aspects. (p.41)

43. Far greater emphasis be placed on the development of the specialist skills required in today's foreign service. (p.42)

Managing the Foreign Service of Tomorrow

44. Concrete steps be taken to correct the widely held view that those in positions of power consider the activities and the product of the foreign service as largely irrelevant to federal government or Canadian objectives. (pp.43, 44)

45. The process of consolidation be carried to full fruition, including the incorporation of the entire Trade Commissioner Service into the consolidated foreign service; that the implementation be led by the centre; and that there be established an objective system for evaluating the progress being made. (pp.44, 45)

46. The existing interdepartmental consolidation agreements be revised and that the Personnel Management Committee be used in the role originally intended, that is, as the forum for the settlement of disputes and the discussion of personnel management issues impinging on the delivery of programs. (pp.44, 45)

47. The External Affairs Act be amended to accomplish the following specific objectives: to designate a single responsibility centre for the management of the consolidated foreign service; to delineate the responsibilities of that service; to establish the authority and responsibility of the head of post; and to recognize the need for occasional exceptions to domestically oriented policies and programs. (p.45)

48. There be a clear separation of policy and operations at the most senior level in External Affairs and that equal importance be assigned to each. (p.46)

49. Maximum authority in every area of activity be decentralized to heads of post. (p.48)

50. The head of post be able to call upon the Inspection Service for objective independent advice. (p.48)

51. Foreign service management obtain independent advice from the Comptroller General and the Auditor General on budgetary and accounting systems with a view to identifying clearly the overhead costs of doing business abroad. (p.49)

52. Foreign service management develop a ten-year plan of retrenchment of overseas activities with a view to making the most effective use of limited resources. (p.49)

Implementation and Review

53. The Royal Commission Report be tabled in the House of Commons and referred to the Standing Committee on External Affairs and National Defence; that one year from the date of reference the Department of External Affairs and the central agencies involved report back to the Committee on the steps that have been taken with respect to the recommendations; and that the Committee deal with the report as a separate item on the parliamentary agenda and not as part of the consideration of the Estimates. (p.50)

PART II

Staff Reports

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THE ROLE AND FUNCTIONS OF THE FOREIGN SERVICE

Introduction

There was initially some question of the extent to which the role of the foreign service formed part of the mandate of this Commission. The Prime Minister's letter to the Commissioner made clear that we were not to question the role of or, implicitly, the need for a foreign service. Equally clear, however, was that without looking very closely at that role, it would be impossible to address his concern that dissatisfaction with the roles they are asked to fulfil and with the roles of the foreign service itself "may be undermining the motivation of members of the foreign service". Secondly, from the beginning it was patent that for foreign service officers, role-related questions were of major importance. This was partly because of the Prime Minister himself.

In a 1969 interview with Norman Depoe of the CBC, Mr. Trudeau agreed in "a fair degree" with a suggestion that the manner in which our diplomatic representatives abroad were carrying out their functions was not producing the desired results. He did not believe, however, that this was "a criticism against the officials". Rather, the "whole concept of diplomacy today as a career is a little bit outmoded". He went on to question the value of diplomatic reports of events in a given country when "most of the time you can read it in a good newspaper". It is the suggestion about the partial obsolescence of contemporary concepts of diplomacy and the questioning of the value of diplomatic reports that are remembered today, that still reverberate in the ranks of foreign service

officers. But these comments were only opening remarks. According to Mr. Trudeau, it was possible to think of other means of maintaining international relations — perhaps more frequent ministerial and official contacts — but the result would be that “we’d probably spend more money [and] be less informed”. His point was that “there is a need for a basic examination of the function of the diplomat”.

It is that examination we begin now by looking at the role and functions of the foreign service in terms of the “changes in the scope and content of international relations and in the methods by which those relations are conducted”.* We do this by addressing the questions raised in the Prime Minister’s letter to the Commissioner: Is dissatisfaction with foreign service related in part to an understanding of such service “based on a concept of diplomatic practice” that is obsolete? Do “traditional concepts of foreign service have diminished relevance in an era of instantaneous, world-wide communications in which there is increasing reliance on personal contacts between senior members of governments” and “in which international relations are concerned with progressively more complex and technical questions”? Does “our approach to foreign service adequately reflect this new era”?

We begin with a definition of the role and functions of the foreign service and a statement about its composition. The next section sketches the development of this role from colonial times to 1939 and through the War. We deal with the period 1945-1960 as a separate, formative phase in the evolution of the foreign service and contrast against this the events of the years 1960-1981. These are not histories of the periods. They are attempts to catalogue the forces that shaped the foreign service of today. We then compare that Service with how its members and others perceive it and attempt to draw some conclusions about dissatisfaction in the foreign service.

Our essay is based, like the other work of the Commission, on the views of members of the Service, of its employee organizations, of the departments and agencies that manage it and of persons within and outside government who use it. However, because of the nature of our subject, we also consulted other sources. We looked at as much of the relevant literature as we could, and the Commission sought the views of a number of individuals of special standing in this area through a Colloquium on the Role of the Foreign Service. The report on this colloquium, which is both a complement to and a major source for this study, is included in Part III of this Report.

Composition of the Foreign Service

The foreign service is composed of career rotational public servants from the Departments of External Affairs (DEA) and Industry, Trade and Commerce (IT & C) and a small number of other public servants who may be drawn from any department to work abroad on single assignments without making any commitment to rotationality. They are divided into program staff (officers) and support staff. The great majority of the program staff are classified as ‘foreign service officers’, a separate occupational group within the

* Terms of reference of the Royal Commission on Conditions of Foreign Service.

public service, but there are also small numbers from other groups, such as medical doctors. Support staff are drawn from public service-wide categories and include secretaries, clerks, communicators, technicians, protective personnel and messengers.

In Ottawa, all support staff and most foreign service officers work for the Department of External Affairs but some of the latter fill positions in IT & C, the Canadian International Development Agency (CIDA) and the Canada Employment and Immigration Commission (CEIC). Abroad, all are employees of DEA. There are very few public service (as opposed to military) positions overseas that are not tied in this way to the Department of External Affairs.

The foreign service is not just 'diplomats' unless that term is used in its widest and original sense to mean those who can produce a 'diploma' or official document certifying their status — today no one works abroad for a government without such certification. The term has come to be applied, however, only to those who hold diplomatic rank,* those who have purportedly exclusive responsibility for the practice of 'diplomacy', which the dictionary defines as the "management of international relations". In this sense, only those at the top of the diplomatic ranks, the ambassadors and sometimes their deputies, as well as their counterparts and superiors in Ottawa, practise diplomacy and should be called diplomats. Everyone else supports this management role, but under different titles and without the same status. Today, the junior members of the profession, the Third, Second and First Secretaries, those whose predecessors provided support to the 'managers' of international relations are deemed to be 'diplomats'. Those who now do the jobs they used to do — transcribing dispatches, etc. — are not accorded diplomatic status. Although we shall have occasion in this paper to use 'diplomatic service' in connection with those who 'manage' Canada's foreign relations or are explicitly mandated to represent the Canadian government to a foreign government or international institution, this is for want of a better phrase.

Role and Functions of the Foreign Service

The role of the foreign service is, in today's jargon, to be the interface at the governmental or official level between Canada and the rest of the world. This notion was expressed more simply in the 1909 Act of Parliament that established the Department of External Affairs and gave it responsibility for "the conduct of all official communications between the Government of Canada and the government of any other country in connection with the external affairs of Canada".

The concept of the diplomatic unity of the Empire and Canada's evolution to 1909 precluded the establishment then of a Canadian ministry of foreign affairs. It is clear from the record, however, that those who were most

* In Canadian embassies, Attachés, Third, Second and First Secretaries, Counsellors, Minister-Counsellors, Ministers and Ambassadors. In High Commissions, the second-in-command may be Deputy High Commissioner and all other grades from Attaché to Minister-Counsellor may be represented. In missions or permanent missions the ranks are as for embassies with the ambassador and his deputy also carrying the designations Permanent and Deputy Permanent Representative or a variant.

intimately involved in setting up the Department saw it as far more than a courier or archival service. In a memorandum to a 1907 Royal Commission, Sir Joseph Pope, later to become the first Under-secretary of State for External Affairs, wrote: “My suggestion is that all despatches relating to external affairs should be referred by the Privy Council to one department, whose staff should contain men trained in the *study of these questions*, and in the conduct of diplomatic correspondence. These officials should be in close touch with other departments, from which they could draw all necessary information, the raw material, as it were, of their work; but the *digesting* of this information and its presentation in diplomatic form should rest with them.” (*our emphasis*)

There are two elements to the role of the foreign service: the policy on which the communications between our government and others are based and the ‘communications’ themselves — the external activities or operations of the government that are the expressions of the policy. From these elements flow three principal, interrelated functions: the provision and integration of policy advice; the co-ordination and integration of Canada’s foreign relations; and the carrying out of foreign operations.

The policy advisory function of the foreign service includes research and analysis, development of policy and policy options, contribution to domestic policy formulation and leadership in establishing policies in the international sphere.

The co-ordination and integration of foreign relations entails providing a framework for the full range of governmental activities overseas, monitoring and influencing other departments’ and other Canadian governments’ international activities and bringing coherence to a patchwork of priorities and programs.

The communication of these policies abroad involves the foreign service in an ever-expanding gamut of foreign operations. These include traditional diplomatic operations such as the representation of our interests to other countries, the analysis of information regarding developments abroad and negotiation. In addition, the foreign service manages and supervises diverse programs overseas, including the promotion of trade and the representation and protection of Canadian commercial interests, the provision of technical and development assistance, the admittance of refugees, the processing of visa applications, the monitoring of international criminal activities, the enforcement of customs regulations, consular assistance to the public and reporting and liaison in specific policy areas such as agriculture, finance, labour, health and energy.

The Foreign Service from 1867 to 1945

1867 to 1909

The Canadian foreign service, unlike those of the older nations on which it was and continues to be modelled, had its origins not in the need to provide policy advice to a government dealing as an equal with others or to co-ordinate relations between such a government and others, and not even in the need for a government department concerned exclusively with external affairs, but in the

need of an underpopulated colony to attract settlers from abroad. This led, in December 1868, to the establishment in London of our first government bureau abroad, the Dominion Emigration Agency.

The need to populate our lands dominated our foreign operations in the early years, but not exclusively. In 1880, when Sir Alexander Galt was appointed Canadian High Commissioner in London and became our first official representative in the UK, his responsibilities included the promotion of immigration, but also certain commercial and financial assignments, the general representation of the Canadian government and the protection of Canadian interests. He was not, however, a diplomatic representative in that the official channel of communication between the Canadian and British governments remained, until 1926, the Governor General. When the government of Quebec appointed Sir Hector Fabre its first Agent General in Paris in 1882, the Canadian government seized the opportunity to name him Commissioner General for Canada in France. His responsibilities were similar to and as restricted as those of the High Commissioner in London; the British government and its officials remained the channel of communications between the Canadian and French governments.

In 1894, the first appointment of a Canadian as an official, permanent trade representative was made. He was headquartered in Sydney, Australia, with responsibility for the Pacific. By 1903 there were 34 Canadian immigration agents working abroad and by 1911 there were 20 trade offices open. Thus, although we had a number of foreign operations underway throughout this period and a foreign service to effect them, it was not a service with any major policy function. The diplomatic unity of the Empire meant that Canada's external activities had to be consistent with imperial foreign policy and whatever co-ordination there was of our external relations took place under the imperial umbrella.

1909 to 1945

Two historical relationships of the Department of External Affairs are important to an understanding of that institution. The first is the link to our constitutional development, the second to the office of Prime Minister.

The creation, in 1909, of the Department of External Affairs under the Secretary of State, was a constitutional milestone. Its constitutional implications were recognized even at the time in the debate that went on in the press. The *Toronto Mail and Empire*, was happy to announce, after due consideration, that the creation of External was not a step toward Canadian nationhood. Its Montreal counterpart, *The Star*, was equally unenthusiastic because it came to the opposite conclusion.

In 1912 the departmental Act was amended to provide that External report directly to the Prime Minister, an arrangement that persisted until 1947, when Louis St-Laurent was appointed the first Secretary of State for External Affairs. These are the two central 'facts' about External's earliest history.

Permanent, independent diplomatic representation abroad did not come about until after the Imperial Conference of 1926. The acceptance by that Conference that the Governor General was no longer the channel of communi-

cations between London and the dominion governments allowed Peter Larkin, the High Commissioner in the UK, to become, in effect, the first 'diplomatic' representative of Canada. This was followed, in 1927, by the appointment of Vincent Massey as Canadian Minister at Washington and by the 1928 transformation of the office in Paris into a Legation under Phillipe Roy. From that time until 1939, the Canadian foreign service developed in response to Canadian needs and the accent consequently remained on trade and immigration.

By the time war broke out, our need for diplomatic representation abroad was fulfilled through seven diplomatic missions, the three already mentioned plus Geneva (the League of Nations), Tokyo, Brussels and The Hague. We were represented at the diplomatic level in the capitals of only one of the three major Axis powers with which we were soon to be at war. On the other hand, in September 1939 we had 60 trade officers working in 32 offices in 26 countries or colonies and immigration officials working in 7 offices in Britain, continental Europe and Asia. However, those who provided the bulk of our representation abroad did not swing proportionate weight at home. Roy Stevens, a Trade Commissioner in the thirties, lamented "where the Trade Commissioner requires status is not abroad but at home".*

In Ottawa, the Department of External Affairs played the major policy role. The Under-secretary of State for External Affairs was an indispensable adviser to the Prime Minister on domestic as well as external matters and the Department played a key role in the development of economic policy. This was in part a consequence of the need to search for solutions to depression-era problems outside our borders, but it was also a consequence of the third element in External's history that is vital to understanding it — the fact that almost from the beginning, the Department relied not on the general civil service examinations but used its own criteria to select and recruit "the best and the brightest", who very quickly became the elite of the public service. Given this fact, and the department's direct access to the Prime Minister, it was extremely hard for anyone else to compete.

World War II immediately heightened the need for diplomatic representation abroad; there began a six-year period in which External became virtually the only player in the game. Most of the immigration offices and a substantial number of the trade offices were closed, but on the day after the outbreak of war the government announced four new diplomatic appointments (High Commissioners to Australia, Ireland, New Zealand and South Africa, who were joined in 1941 by a High Commissioner to Newfoundland). By the time the war ended in Europe we had a total of 38 diplomatic missions in place. Thus, by 1945 Canada was equipped with an experienced and respected foreign service dominated at home and abroad by the Department of External Affairs. In the minds of most of the public and many in government, External *was* the foreign service.

* O. Mary Hill, *Canada's Salesman to the World* (Montreal: McGill-Queen's University Press, 1977), p. 427.

The Formative Years: 1945 to 1960

The period 1945 to 1960 was, for Canada and the world, both a watershed and an era. It was also the formative period for the foreign service of today.

Scope, Content and Methods of International Relations

On the international scene, an apparently constant number of actors played out their roles within a relatively stable bipolar world system. Fifty-one nations were members of the United Nations in 1946; by 1960 there were 99. There were two superpowers whose positions depended essentially on their military might, a number of middle powers, most of which, with the exception of Canada, had to go through a period of reconstruction, and the rest. The old test of international relations, the balance of power, was still applicable and applied and the game was still largely focused on either European territory or 'European' interests.

The players of the period were easily identifiable, self-contained nation-states that satisfied the classical criteria of nationhood. New players were beginning to arrive on the scene and their eventual impact would be tremendous, but the rules of the diplomatic game were still basically what they had always been.

A significant new element had been added — the United Nations and its General Assembly. Although it never again enjoyed the center stage position it occupied until 1956 (if not until 1960), the United Nations was the harbinger of the multilateralism that would come to concern and preoccupy the foreign services of the world in the succeeding period.

Peace and Security was seen as the most important issue facing the nations of the world during this period. In the context of the new bipolar balance of power and against the backdrop of the Bomb, this issue led to an emphasis on concepts like 'collective security' and 'peacekeeping' and on the establishment of essentially military alliances such as NATO, NORAD and the Warsaw Pact, to name those still in existence, and others, such as CENTO and SEATO, that have passed into history.

The other major issue was economic development which was seen largely, though not completely, in terms of reconstructing the pre-existing world order. It was focused on the creation of institutionalized mechanisms for ensuring stability such as the International Monetary Fund, the International Bank for Reconstruction and Development, the Organization for Economic Co-operation and Development and the European Communities. Reconstruction efforts were oriented largely toward Europe, a reflection of the thinking that gave rise to the Marshall Plan, but a new element, an understanding that the developed world had a direct role to play in fostering economic progress elsewhere, was given expression in the Colombo Plan. Both plans were based on a dawning awareness that national economies were in fact interdependent and a realization that, just as Peace and Security required collective action, the pre-war 'beggar-thy-neighbour' ethos should no longer be allowed to wreak its predictable havoc.

The issues of Peace and Security and economic reconstruction and development were affected by a new development. It found expression in the rhetoric of the Cold War between the Communist bloc and what, even then, could be described no more specifically than the non-Communist world. For the first time since the end of the Napoleonic era, ideology became a basic determinant of international relations. Except for a very few neutrals — who were often the object of suspicion from both sides — nations were definitely in one camp or the other and friends and enemies were easily identifiable.

In general, as former US National Security Adviser McGeorge Bundy put it, the period 1945-1960 was characterized by “either/or”: either isolation or intervention; either the United Nations or power politics; and always, insistently, either anti-communism or ‘accommodation’.*

The methods by which international relations were conducted changed only gradually during this period from what they had been prior to 1939. Foreign offices continued to dominate the foreign policy process and their members, the diplomatic representatives, continued to be the most visible regular players. They had a sense of purpose, at least in the early part of the era. Diplomats of the time could believe that they were forging a new world order based on obviating what were generally perceived to be the causes of the economic chaos of the thirties and the horrors of war.

Canada and the World

For Canada, the end of the World War II marked the beginning of a new era. We were economically, politically and militarily stronger than before and possessed a new sense of national self-confidence and identity. As one commentator put it, “Canada emerged as a nation in her own right with a sense of her separate identity and her equal place in the ranks of the other sovereign members of the world community”.** During the twenties and thirties, we had fought for acceptance on the world stage. Now we were there, and foreign policy makers and practitioners had to figure out what we were doing there and why. Photographs of Mackenzie King nestled between British and American leaders at wartime conferences prefigured the ‘what’. We were a middle power with a mid-Atlantic orientation. But the ‘why’ transcended this.

In 1947, the new Secretary of State, Louis St-Laurent, laid down the principles that were to guide our progress through this new world. They were: national unity, political liberty, the rule of law in national and international affairs, the values of a Christian civilization and the acceptance of international responsibility in keeping with Canada’s conception of its role in world affairs.

We had left behind our close identification with Britain and its concerns, but we were as unwilling then as we are now to accept that we are part of an American region — so we sought and assumed a world role by seizing the opportunities that presented themselves, opportunities within the United Nations and its system, within NATO, at the World Court, through the

* McGeorge Bundy, “The End of Either/Or”, *Foreign Affairs* 45 (1967), p. 189.

** Edward McInnis, “A Middle Power in the Cold War”, in *The Growth of Canadian Policies in External Affairs* (Durham: Duke University Press, 1960), p. 143.

Colombo Plan, at Suez and almost anywhere that the peace needed to be kept. The world needed a 'helpful fixer' and we were it. Moreover, we were proud of our role and of our foreign service. In the golden year of 1967, remarks published in *The Economist* about Canada's role in the world really summed up the significance of that role in the 15 years following World War II.

If Canada was to withdraw from the international arena. . . the loss would not be Canada's alone. The community of nations has learned that it needs an active Canada: as an intermediary in Commonwealth disputes, and in wider ones that range ex-imperial powers against former dependencies; as a factor that moderates the disproportion between American and European strengths in the Atlantic world; as a dispassionate but not apathetic participant in projects that are based on a tenuous international consensus.*

The commentators in London were, however, seven years behind the time. In 1960 Howard Green, the Secretary of State for External Affairs, declared in the House of Commons that the time had "come to drop the idea that Canada's role in world affairs is to be an 'honest broker'."**

It would be some time yet before this dictum was generally accepted, but an era was over.

The Foreign Service

The Canadian foreign service in this period was organized along much the same lines as had prevailed from 1927 to 1939. Generally, those who were involved simply in the delivery of programs abroad, principally but not only the members of the immigration service, were not even considered part of 'The Foreign Service'. They did not have diplomatic status and were more often than not located in offices outside our embassies and High Commissions. The members of the Trade Commissioner Service had been granted diplomatic status and were, in that sense, foreign service officers. They were not generally perceived, however, either by themselves or by External Affairs, to be members of the same club. Each group had its separate jobs.

During this formative period, the various orientations of the different branches of the foreign service were understandable in the context of the immaturity of the Service and of the fact that Canadian foreign policy itself had to be oriented to our direct foreign interests, to Canada's vastly enhanced status in the world and to the transcendent issues that preoccupied that world. The Department of External Affairs was primarily involved in the classical diplomatic functions of developing policy advice and co-ordinating our external relations, while its involvement in operations was restricted to those that flowed from its own responsibilities, such as the consular and information programs. It

* Cited in Peter C. Dobell, *Canada's Search for New Roles, Foreign Policy in the Trudeau Era* (London: Oxford University Press, 1972), p. 2.

** Hon. Howard Green, "Current International Problems, A Canadian View", Statement in the House of Commons, 10 February 1960 (Department of External Affairs, Statements and Speeches #60/11).

was concerned with giving expression to 'Canadians' belief that we were uniquely qualified to solve the world's problems and to act as the planet's conscience.

This would have been a heady task for any foreign service, not to speak of a fledgling organization. It was certainly poor preparation for the grind of often unglamorous tasks that the next decades were to impose.

1960 to 1981

The Scope and Content of International Relations

If the world of 1945 to 1960 was bipolar, the period 1960 to 1981 has already witnessed the rise and obsolescence of one power model, the 'pentipolar', as well as other attempts to explain the often incomprehensible ebb and flow of power and its determinants. The result is a realization of the futility of making absolute statements about power. What we have now is a continuing situation that James Eayrs characterized during the Colloquium on the role of the foreign service as the "evanescence of power".

The immediate post-war world featured a relatively stable and relatively small number of actors. Even by 1960 the number of UN members was still one shy of 100. The foreign service of today, however, must relate to the interests of 155 UN members — and still the growth continues. In addition, this growth is accounted for almost totally by states that defy the classical definitions. This trend "has led to the emergence in recent years of an independent country of less than 7,000 people occupying an isolated Pacific islet no larger than [a good-sized Canadian farm]; a Caribbean republic whose entire population would not fill [Montreal's Olympic Stadium] and whose first envoy to the Organization of American States was a hired foreign national who wielded the same voting power as the United States; and a tiny Asian kingdom that appoints ambassadors to only two other governments, but is a full-fledged member of the United Nations since 1971".* If the trend continues, the US State Department projects that there will soon be 50 sovereign nations with populations of less than 100,000 and that the world community will soon number more than 200 states. But just because they are small doesn't mean they can be ignored. Nauru's phosphate, the Maldives' strategic location and Malta's contribution to the Law of the Sea debate are just three examples of why not.

Another 'new' actor is the Third World. It existed before this period but it played largely according to the rules laid down by the First and Second. Today, however, the Third World is a major factor in the calculations of the other two because it is largely organized into sovereign states that in turn relate and inter-relate in an almost infinite number of ways; because it controls so much

* Elmer Plischke, "Proliferating International Community and Changing Diplomatic Representation" in *Modern Diplomacy: the art and the artisans*, Elmer Plischke, ed. (Washington: American Enterprise Institute for Public Policy Research, 1979), p. 92.

geography of strategic and economic importance; because of the sheer weight of numbers; and because of the refusal of so many of its members to align themselves with either of the two old blocs.

Adding to this clutter of actors is the increase in the number of multilateral institutions and organizations: the emergent supra-governmental organizations and regional economic and political blocs; highly visible nationalist movements such as the PLO; the multiplicity of transnational enterprises, whose number and power cannot be fixed; and the non-governmental transnational coalitions of private citizens and institutions such as Greenpeace and Amnesty International. The *UN Yearbook of International Organizations* lists over 10,000 such groups recognized by the Economic and Social Council ranging from the Commonwealth to the International Seaweed Exchange. The list of actors does not end there. Add to it the ever-growing number of governmental institutions that give each country as many international voices as it can afford, and it becomes clear that the international arena is no longer a predictable environment for the creation and execution of foreign policy.

Compounding the confusion of players during this period was the ever-increasing complexity of issues, which could no longer be neatly divided into the earlier 'either/or' classification. The international agenda of the period 1960 to 1981 produced issues that pitted East against West or North against South, East against East or West against West, or South against South or North against North.

Peace and Security was still a pre-eminent issue, but the perception that global peace was as impossible as global war made it a less compelling issue than had previously been the case. The objective of economic reconstruction (with lip service paid to economic development) was replaced by attempts to come to terms with economic interdependence on the one hand and, on the other, assertions that the world economic order had to be reformed.

Every generation believes its predecessors lived in a simpler world and every generation is probably right. It is impossible to pinpoint the exact day or even the year when change occurred, but the fact remains that the period 1960-81 prepared an international agenda for the foreign service of the next decade that is more vast and more complicated than that confronting the post-war generation.

The agenda today contains words that were hardly in common use before 1960 as well as issues that, if they existed at all, were not considered 'international'. These include acid rain and other forms of atmospheric pollution, the exploitation of outer space and the seabed, matters that only recently seemed more in the province of Jules Verne than of ministries of foreign affairs, and basic rights and freedoms. The issues, themselves complex, are further complicated by their increasing interdependence — which may mean that a perfectly valid solution to one problem cannot be effected because of its consequences for other issues.

Another dimension is a new emphasis on the role, if not the rule, of law in international affairs and a growing catalogue of international legal issues — the Law of the Sea, the Law of Treaties, outerspace law, terrorism and airplane hijacking, communications and human rights.

The post-war period was characterized, at least for those nations among which Canada figures, by faith in the major multilateral institution we had created, the United Nations, and by the exhilaration and euphoria that accompanied the establishment of so many others. Now, instead of faith, exhilaration and euphoria, we are confronted with the realization that the United Nations has not become what we had hoped and with the daily grind of making it — and the host of other organizations the period produced — work. In addition, we have to deal with constellations of other states from which we may be excluded and whose composition may change from one issue to another.

The Conduct of International Relations

Whereas the period up to 1960 was one in which foreign ministries were still the dominant players, the period since then has witnessed their decline. As governments became involved in more and more areas, the international agenda became so crowded with reflections of these new concerns that foreign ministries had to accept ever-increasing levels of participation in international affairs by other public servants. This diffusion of the foreign policy process has been accompanied by its democratization. On the domestic scene, special interest groups, private citizens, businessmen, regional interests and provincial governments will not be excluded. Internationally, there is a whole new layer of non-governmental organizations, concerned with everything from commercial relations to human rights, that will not be ignored.

We do not argue that all of this is new since 1960. What we do assert is that the orientation of the diplomatic process has altered radically. The rules of diplomatic intercourse are no longer universally respected and professional diplomats themselves are no longer central figures.

The rules of the game have changed in other ways. For reasons ranging from the speed of jet travel to the complexity of issues, the diplomat on the spot is more and more being supplanted, at least when negotiations are coming to fruition, by the arrival of senior-level officials from home or by politicians. Summit meetings and all the various gradations below them have always been a part of the diplomatic process, but today these high-level contacts are increasingly the rule rather than the exception.

The impact of the communications revolution on diplomacy can be overestimated, but it should not be underestimated either. Instantaneous, and now visual, presentation of news from great distances can threaten the credibility of diplomatic reporting and cause its relevance to be questioned. On the other hand it can make the diplomat's role all the more crucial. D'Iberville Fortier, Canada's Ambassador to Belgium and Luxembourg, explains that:

The communications revolution has obviously made a great impact on the practice of diplomacy. It has been argued that it has altered the very nature of diplomatic practice and has transformed the diplomat into a performer of other people's scripts. It seems to us, however, that the reality is not as clear and could even be the

opposite. The revolution has, in effect, altered the nature of international relations and has made the diplomat's task both more complex and more necessary.*

This revolution has also contributed to the data glut that sometimes threatens to overwhelm policy advisers and policymakers.

Diplomacy in the post-war era was characterized by a sense that objectives could be attained, that problems could be solved, that ideals could be realized. Today, the range and complexity of issues is so great and the interplay of actors so kaleidoscopic that professional diplomats are fortunate if they can retain any hope that international relations can even be managed.

Canada and the World

In this period the Canadian foreign service had to relate not only to a changed international order, but to changes in the country, in the interests it represented, within the Service itself and in the governmental organization of which it was a part. The relative importance of central Canada diminished and a new set of regional interests had to be accommodated. The political and economic power of the federal government declined in relation to that of the provinces and the provinces emerged as international actors in their own right. Canada accepted — albeit in varying degrees — its bilingual and bicultural nature. We adopted nationalistic approaches to our economic development that introduced new complications into our international relations.

As important as any other consideration is the intense examination to which we have subjected our national identity during the last two decades. In what seemed a never-ending quest, we launched major inquiries into almost every aspect of national life and turned inward to a degree that would have appeared inconceivable to the internationalists of the post-war period. We have a sense now of who we are; it is still inchoate, still in some ways negative, but it is hopeful. A major element in our self image is that we are survivors; we can cope with our divisions and limitations.

Our approach to the world was shaped implicitly in consequence of these internal changes, but it was also reformed explicitly. The period is bracketed by Prime Minister Diefenbaker's call for a shift of 15 per cent of our trade with the United States to the United Kingdom and the present government's declaration that our foreign policy is henceforth to be based on the principle of "concentrated bilateralism". Between the brackets stretches a litany of stale buzz words and abandoned or supplanted objectives. But one review that took place in this period still makes its effects felt.

National self-examination spilled over into international relations with the publication in 1971 of *Foreign Policy for Canadians*. This was the first formal re-articulation of the bases of Canada's foreign policy since Louis St-Laurent laid down the general principles on which his approach was based. In place of his five principles (national unity; political unity; the rule of law; the values of Christian civilization; an acceptance of international responsibility in keeping

* D'Iberville Fortier, "La révolution des communications. A-t-elle tué la diplomatie?" Speech to Club des relations internationales de l'université de Montréal, 7 March 1981.

with our conception of our international role), the Trudeau government wanted to provide a pragmatic rationale for our foreign affairs in keeping with the Prime Minister's belief that our expectations for Canada's influence abroad were unrealistic. The new general principles set down were economic growth; social justice; quality of life; peace and security; sovereignty and independence; and a harmonious natural environment. In addition, an overriding general principle was articulated — our foreign interests were to be viewed as extensions of our domestic interests.

Although the review was able to apply this test to our relations with most of the world, it did not even attempt to define what principles should underlie our most important relationship, that with the United States. Yet one of the most significant differences between Canada's international posture in the post-war period and that of the sixties and seventies lies in how we relate to the United States. The nature of our relationship in the earlier period has been characterized as "a special partnership".* By 1980 it was becoming a matter of "detachment and diversification".**

In the post-war period, we were one of the more important middle powers — even, some said, more. V.M. Molotov told Lester Pearson in 1955 that Russian children were taught to regard Canada as a "world power".† Since then, we have gone through a period of thinking of ourselves as something less than a middle power, as Prime Minister Trudeau's reaction to another Russian trip makes clear:

I'm a bit surprised at the tone in which [the Soviet leaders] are willing to deal with us as a great power...I kept saying no, you know we're a modest power; we're not going to try and pretend we're dealing with you as being a major power. You know my usual line, that Canada has over-extended itself in the postwar years in external policy and we're now more interested in what is good for Canada, not in making external policy...We're not, in other words, trying to determine external events; we're just trying to make sure that our foreign policy helps our national policy.††

By 1980 there were indications that we were looking outward again, but the nation that did so was substantially different from the one that had ventured forth in the 1940s and fifties. "The middle power has become middle-aged, more sceptical of its capabilities and its accomplishments. The mood is introspective."‡

* The term gained popularity as a result of a study done by A.D.P. Heeney and Livingston T. Merchant, *Canada and the United States: Principles for Partnership* (Ottawa: Queen's Printer, 1965).

** John Kirton, "Canada and the United States: A More Distant Relationship", *Current History* 79 (November 1980).

† Peyton V. Lyon and Brian W. Tomlin, *Canada as an International Actor* (Toronto: MacMillan of Canada, 1979), p. 56.

†† Office of the Prime Minister, transcript of an interview en route from Leningrad to Ottawa, 28 May 1971.

‡ John Holmes, *Canada: A Middle-Aged Power* (Toronto: McClelland and Stewart Limited, 1976), p. 54.

The Foreign Service

The domestic stage from which the foreign service operates has changed greatly. The national self-examination given expression in *Foreign Policy for Canadians* led to an explicit rejection of the role that had given the foreign service such prominence on the international scene. A period began in which the foreign service felt its activities were justified only if they could be linked directly to a bottom line in some mythical Ottawa ledger. But this was not the only re-examination or the only change.

Review and reform have touched all government activities and institutions in the past 20 years and the foreign service was not inviolate. As part of the federal bureaucracy it was buffeted by every wind of change in the volatile world of administrative theory and management practice. But it can also be argued that the foreign service not only had to contend with every major wind, it had to lean with every breeze.

While the theoreticians were busy, so were the builders and renovators. At the beginning of this period, international development assistance was channelled through the External Aid Office, which operated out of one-and-a-half floors of a small Ottawa office building. By 1980, CIDA occupied an entire building across the Ottawa River in Hull, employed 1000 public servants to supervise the activities of 550 contract employees in the field, spent over a billion dollars a year, and was separated, some will argue, from the rest of the foreign policy establishment by more than just a few miles of national capital streets and bridges.

In 1960 there were no foreign service officers with an institutional mandate to look after immigration. In 1981 there are none either, but in the interval a whole separate diplomatic service dedicated to this function was established and dispersed.

The Department of External Affairs became so large and complex that a major printer dealing with the production of a book on the foreign offices of the world has decided that the publication of its organization chart would be beyond its physical resources.

Job classifications, descriptions and grades were altered and re-altered. Administrative functions were entrusted to a specialized class of officers, transferred to foreign service generalists, then returned to specialists. Steps were taken toward integration of the foreign service but halted once all the support groups were brought into External Affairs. The latest wind of change is foreign service consolidation.

The essence of consolidation is that the Department of External Affairs is now expected to be responsible for the delivery of all governmental programs abroad. This is to be accomplished through a single, unified foreign service which is to be managed under the aegis of an interdepartmental committee whose task is to ensure that the personnel management system applied to the foreign service is designed in such a way as to satisfy the program requirements of the four foreign service departments. These are defined as the departments of External Affairs and Industry, Trade and Commerce, the Canada Employment and Immigration Commission and the Canadian International Develop-

ment Agency. As a result of consolidation, all public servants working abroad will do so in positions on the establishment of the Department of External Affairs.

Nonetheless, one branch of the foreign service is to maintain a quasi-independent existence, albeit in truncated form. The Trade Commissioner Service is to maintain an independent identity at the 'operating' level, that is, those positions in the TCS that are classified below the level of the new executive (SM/EX) group. The decision to maintain an abbreviated TCS was based largely on the belief that to do away completely with the TCS would arouse too great a degree of opposition in certain segments of the Canadian business community.

Consolidation leaves undisturbed the responsibilities of the various foreign service departments for the development of policies within their own areas and for the design of programs to give expression to those policies. It is the implementation of the programs that is entrusted to External Affairs. Consolidation was intended to enhance the efficiency and effectiveness of Canadian government operations abroad. The plan did not address the policy element in the role of the foreign service and left unchanged the organization of the foreign policy community apart from the personnel management function. Following the consolidation decision, the foreign branch of the CEIC was merged with the Department of External Affairs.

In this period, the larger Ottawa scene was not static either. The foreign service had to adjust to a return of the Prime Minister to center stage in foreign policy, but now it shared his attention with policy advisers in his office and in the Privy Council Office. Like other departments, it had to deal with a cabinet committee system and an expenditure management system that were not only new since 1960, but seemingly in constant flux. Finally, the foreign service had to contend with new or revamped departments of government with extensive external interests and often with their own international relations sections, which at times seemed preoccupied not with ensuring that their particular concerns were reflected in our foreign policy, but with duplicating External's functions.

Efforts were made throughout this period to institutionalize the co-ordination of our international relations. Largely as a result of the integration exercise in the early seventies, an Interdepartmental Committee on External Relations was established, a group that was eventually succeeded by a committee of those deputy ministers whose ministers are members of the Cabinet Committee on Foreign and Defence Policy. At the same time, External strove to gain acceptance for its claim to be a central agency with a transdepartmental mandate similar to those of the Privy Council Office, the Department of Finance, the Treasury Board Secretariat and the Public Service Commission.

The foreign service has evolved to the point where today, it is responsible for representing our interests to 165 countries and more than 20 international organizations. It maintains 119 missions abroad, staffed by more than 1800 Canadians (and 2600 locally-engaged employees) and backed by more than 1500 public servants in Ottawa at External Affairs alone. This does not take into account the 1000 employees of CIDA, the employees of IT & C who back up the Trade Commissioner Service, the members of the CEIC who support

the immigration program and the public servants who staff the sections that have been set up in 12 other departments to deal with their international concerns.

The foreign service delivers specific programs on behalf of 15 departments and provides support to any external activity of any other department. It spends 50 per cent of its operating funds on this latter function, about 18 per cent on its own two discrete programs of consular assistance and cultural and information activities and about 31 per cent on relations with other governments and intergovernmental institutions.* Put another way, out of every dollar it spends, close to 69 cents go toward the 'operations' element of its role, 31 cents to 'policy'. Consolidation will shift the allocation of resources even more solidly toward program delivery.

The Foreign Service Today: Some Conclusions

The role of the foreign service is by and large immutable. From its inception it has been the channel of all our official communications abroad and today it remains the interface at the governmental level between Canada and the rest of the world. To play its role, the foreign service has always performed and still performs three essential functions — carrying out foreign operations, co-ordinating foreign relations and providing policy advice.

In the beginning there were operations carried out within a framework of policy and today, although the objectives of the policy have widened and its framers are now all Canadians, the situation is essentially the same. The prominence enjoyed by any one function, the emphasis put on either element of the role of the foreign service, have changed over the years as Canada has evolved. The focus has shifted several times, from the emphasis on foreign operations, mainly immigration and trade, in the early years to the concentration on policy advice during the war and post-war periods. Whatever the particular emphasis, however, the *role* of the foreign service has never altered.

International relations have indeed changed. Not only has the number of actors increased — in the sense that there are far more nations on the stage — but each nation's interests can be, and very often are, communicated in a bewildering variety of voices. In addition, the sets of bilateral links that underlie each country's web of international relations must increasingly find expression in multilateral fora. Issues can no longer be compartmentalized nor do they, even from a distance, appear very simple. Often it seems as if the greatest victory possible is containment of the problem; solutions seem impossible.

Diplomats themselves are but one group of players among many and they do not enjoy primacy of place. Politicians and senior officials choose, as often as not, to speak for themselves and although the world in which diplomats operate has become smaller, the forces that have compressed it also threaten to overwhelm those who must cope with it.

Although changes in the scope, content and methods of international relations have added to the tasks of the foreign service and made its job more

* See Table 23 in "The Foreign Service Today", which follows this paper.

complex and more confusing, the changes in Ottawa have had as great, if not greater, impact. Whereas the Ottawa scene was dominated in the post-war period by a small, relatively homogeneous mandarin, of which senior officials of the Department of External Affairs were ranking members, it is now a complex and large bureaucracy that plays by a whole new set of rules — rules that are couched in a ‘management sciences’ vocabulary that is alien to the disciplines that traditionally formed the members of the foreign service.

The Canadian foreign service has had to adjust. The small, compact service of yesteryear composed of a group of men of similar backgrounds no longer exists. It has become a large bureaucracy focused in the Department of External Affairs and has changed in other ways, not always for the worse. Its composition has been democratized, becoming more representative of at least the two major language groups, and women are becoming more than exceptional or token members. It is required to represent, and to compete with other representatives of, a variety of interests.

All of these changes have been great, but they have changed neither the role of the Service nor its basic functions. What they have created is a situation in which the foreign service must adjust to new priorities. The pre-eminence of the purely diplomatic and policy functions that marked our foreign service in the years 1945-60 was an aberration of time and opportunity and has been eclipsed by new concerns. Today’s international agenda is dominated by technical, interdependent issues that require a high degree of functional specialization and most of which have economic implications. Technology has forced change in many of the traditional methods of diplomacy.

The foreign service of today finds itself once again placing the emphasis on the delivery of programs, on foreign operations. These include traditional concerns such as trade and immigration and new tasks in such fields as aid, energy and the environment. Somewhat newer is its role in co-ordinating a variety of overseas programs emanating from a multitude of domestic sources. And although the foreign service retains its policy advisory function, it is no longer pre-eminent.

The role and functions of the foreign service remain essentially unchanged; the objective reality persists, but we are still left to pursue the subjective reality — the perceptions.

Perceptions of the Foreign Service

The View from Outside

Participants in the Colloquium on the Role of the Foreign Service did not question that the role is a dual one, involving elements of both policy and operations. Having accepted this, they dealt instead with the mandate — or job — of the foreign service. The closest they came to defining the role of the Service was to say that it is to “develop productive international relationships that will contribute to the economic development of the country and to a better quality of life in Canada”. This was advanced in the context of trying to define

the present mandate of the Service and to explain the changes in it since the decline of Pearsonian internationalism as a prime motivator in our international relations.

Interestingly, the discussion of role and functions during the Colloquium focused almost exclusively on foreign policy. There was implicit acceptance of the need for a foreign service to implement that policy even if there was no consensus as to what its foundation should be. Some participants argued that in the same way as our foreign policy should reflect basic societal values, the foreign service should be essentially representative of our society. There was also general agreement that one of the major changes in the job of the foreign service is that economic considerations have become as important as, if not more important than, policy concerns.

Two reasons were advanced for the malaise in the foreign service today. One was that foreign policy and domestic policy are often out of kilter. Foreign service officers therefore find it difficult to relate what they are doing to what they perceive as real Canadian interests. Secondly, and related to the first, foreign service officers are demoralized because no one seems to be paying attention to assigning priorities to their work in the field. This second view was not accepted by all participants, some of whom argued that foreign service work cannot, in large measure, be defined and programmed because as much as 80 per cent of it is reactive.

Another reason advanced for the problems in the foreign service today was that we are simply trying to do too much and are inclined to be in too many places without really knowing why we are there. It was suggested that the foreign service would be better off focusing on those areas where non-governmental links are weak and leaving the general conduct of our relations with, for example, Europe to the business community and others. This idea was brought forward in response to a suggestion that a substantial proportion of Canada's relations, particularly with the developed world, is non-governmental in nature and does not really require that the foreign service play a role.

A second source of 'views from outside' was the clients of the foreign service, including government departments and the private sector, who also focused on the job the foreign service does. The clients were generally satisfied with the quality of the service they received, although there was some questioning of whether sufficient resources were allocated to the really important issues such as new elements in Canada-US relations and the promotion of trade in new products and services or with countries outside Europe and the US. There was also a feeling in the more technically-oriented sectors of government and industry that members of the foreign service assigned to handle their concerns should receive specialized technical training and that the foreign service should be more open to transfers of personnel in both directions between itself and these sectors.

Those representatives of the business community who argued for the maintenance of a separate TCS, and indeed for the restoration of the pre-consolidation trade service, based their arguments on the belief that the bulk of Canada's international relations is business-oriented, is in fact conducted by business, and requires the support of a separate and identifiable branch of the foreign service. From the same quarter, however, came the plea that all heads

of post be required to have demonstrated skills in economic and trade matters given the importance to business interests of both policy advice from heads of posts and their participation in trade promotion.

The provincial governments that placed their views before the Commission noted the significant growth in interest and activity of Canadian provinces in international affairs. Although they acknowledged past co-operation, especially in matters of trade and immigration, the provinces called on the foreign service to put aside its negative attitudes toward them and recognize the appropriateness of provincial activities overseas.

In the press and other media there was a fundamental sympathy for the foreign service and a great deal of understanding of both its functions and the conditions under which its members live and work. At the same time, however, there is still a tendency to include, even in highly sympathetic reports and even if they are included only to add colour or to deny them, statements that tend to exaggerate the foreign service lifestyle and leave a general impression of a branch of the public service staffed by intelligent, but somewhat superficial and sybaritic snobs.

Ottawa Views

With possibly one exception, it is difficult to discern a single Ottawa attitude toward the foreign service. The exception is nostalgia. Underlying many of the comments we heard in Ottawa about the foreign service — even some of the most negative ones — was the wish that it were possible to return to the days when External did play a leading role. In some cases this is more than a wish — it is a hope, and even an expectation.

The following is a representative sampling of the opinions expressed to us by the managers of both the public service and the foreign service:

- The only invaluable function that External carries out is with respect to the development of foreign policy; yet, because of the increasing operational responsibilities of the Service, this has become its most “forlorn” program. The problem is that a function that should be carried out by a small group of very bright and experienced people has, instead, been entrusted to an enormous bureaucracy that is incapable of focusing on problems and giving members of the government “the readable four or five pages” they need.
- External has become irrelevant to the Ottawa game because it has lost sight of the fact that economic considerations led Canada to set up a foreign service in the first place and that these considerations remain the fundamental *raison d’être* of that Service. Canada’s external policies and its foreign activities must relate directly to our national interest and that interest is 90 per cent oriented toward trade and commerce. Questions of peace and war are vital and should be understood and taken into account, but concern for economic issues must predominate.

- External's irrelevance at home and the diminution of its importance stem from the department's inability to be an effective conduit of the national interest. The foreign service should be the essential prism through which domestic actions and policies are focused and reflected in our international concerns and through which, in return, external considerations illuminate domestic issues. Instead of functioning as a prism, the Service has lost any particular attributes and has become a transparent and passive interface between Canada and the world. Although foreign service officers still bring superb intellects to play on the issues that concern them, many of these are in the range of geopolitical considerations that do not directly involve our immediate national interests.
- In the transition from its post-war 'internationalist' preoccupation to the current requirement to focus on 'the national interest', the foreign service has lost its sense of purpose. External could have continued to be a relevant and important player in the Ottawa game if it had managed to maintain some sense of mission.
- External seems unable to exploit effectively its human resources in the field, to draw on one of its most important assets, the resident ambassador and other diplomats in foreign capitals. "They are the ones who can tell the government what is going on and who controls the levers of power, information not to be gleaned from the *New York Times* and *The Economist*."
- On the other hand, most posts do not have any input to policy matters, not because Ottawa tries to freeze them out, but simply because relations with the countries in which they are located "are not multi-dimensional and not in a constant state of flux". As a result, job satisfaction is an impossibility for the officers at most of our posts, since most of them seem to link job satisfaction to participation in the policy-related activities of the Department.
- Why does a country like Canada need 119 posts around the world? "While one cannot argue against those posts which have been established or maintained to reflect our economic interests, one can question whether there should not be a different approach to that representation which is a consequence of political interests, i.e., mini-posts or regionalization. Twenty or so posts could be closed. A good tough manager could produce a 10-year plan of reduction and of re-allocation of resources." It was nonsense to say this was impossible politically. The government had "taken a lot of gaff" and could stand much more.

Although the perceptions and prescriptions of senior managers in Ottawa often varied greatly, most concluded that External was largely responsible for its own problems. They argued that the foreign service had almost unwittingly abdicated its policy role without at the same time having come to grips with its

operational nature. They also pointed out that the foreign service was too 'closed-in' and unnecessarily protective of what it perceives to be its own interests. Finally, and arguably most damning, there was almost universal agreement that the Department of External Affairs is very badly managed.

The View from the Ranks

The members of the foreign service generally appreciate the dual nature of their role and although not all accept it with the same grace, there is a growing sense that the Service's job abroad is largely, and will increasingly be, oriented toward operations. Among the more senior heads of post there was some resentment of the fact that they could go from being very senior policy advisers in Ottawa to being completely ignored in the policy process once abroad, but this was tempered by a wry acknowledgment of its inevitability. What was highly frustrating, however, was the sense that Ottawa seemed to be unable to grasp that those in the field still had a contribution to make to the development of policy. Although foreign policy could be made in Ottawa and advanced through high-level contacts, without input and support from the foreign service abroad it risked being poorly founded and incapable of going anywhere.

One ambassador was resentful not so much of the fact that he was no longer involved in the policy process, but that Ottawa and the government were simply not making the best possible use of him now that he was on post. He spoke of attempts to spark investments from his country of accreditation being frustrated by the absence of coherent policy back in Ottawa. He resented that his embassy was being used essentially as a travel agency by peripatetic ministers who came abroad without any planned and agreed objectives, while those who might have been able to achieve something did not seem to be able to come.

Younger foreign service officers had little difficulty accepting the distinction between policy and operations, but felt that it should not have been left to them to discover it on their own. They argued that this distinction, and in consequence the kind of work they would generally be doing when abroad, should have been made clear to them on recruitment. Further evidence of the failure of the recruitment process to reflect accurately the policy/operations split was the widespread perception that the Department was, in many cases, taking in the wrong kinds of people. It was recruiting too many new officers with exceedingly high academic qualifications while ignoring the need for people with potential as administrators and managers. This recruitment policy has also led inevitably to demoralization when the expectations that were raised could not be met.

The failure to satisfy expectations, the failure to match the reality of the operational role of the foreign service abroad with support from Ottawa, led in many cases to a sense of irrelevance and impotence among foreign service officers. Some would have agreed with the officer who attributed the growth of this feeling to "the lack of use that the Government of Canada has made of the Department and the small consideration that the Cabinet has accorded foreign policy".

Although there was acceptance that program delivery had become one of the main (if not the main) jobs of the foreign service abroad, FSOs wondered

why the foreign service had no control over the incessant and ever-growing demands put on it by other departments and no authority to co-ordinate them. It was suggested that the only answer is “complete consolidation of our foreign operations so that only one government department represents all Canadian interests abroad [and] monitors all areas of concern for all domestic departments in response to all their specific questions”. A number of FSOs shared the view that “if Ottawa could be at least as integrated as the posts” much of the problem would disappear.

Consolidation itself received mixed reviews among the members of the foreign service. First, many complained that they had been inadequately informed about the development of consolidation and about its implementation. A number argued that they should have been consulted because this was something that threatened to alter radically their career prospects and possibilities. The only foreign service officers who were at all enthusiastic about consolidation were those involved in immigration work. Given the “soul-destroying” nature of the job they have to do in many parts of the world (where they are involved almost exclusively in processing family re-unification applications, a job requiring very little exercise of discretion), they were hopeful that consolidation would allow them to get into more satisfying jobs. The main fear that officers from both the Trade Commissioner Service and Employment and Immigration had about consolidation was that it would subject them to the “unsympathetic and inflexible” management of the Department of External Affairs. They did not want to lose their present sense of belonging to organizations that actually care about them as individuals.

FSOs argued that External was suffering from a sense of drift and was consequently unable to provide leadership or adequate direction to posts. They blamed certain developments for this situation, including the information explosion and the clutter of actors and issues on the international scene. But they thought that the root of the problem was the tendency of Ottawa-based foreign policy managers to play at being a central agency, to focus on inter-acting with the Ottawa environment rather than concentrating on matters of more direct concern to our international relations.

Not only did the Department over-emphasize its role in the Ottawa game, it caused it to put the wrong emphasis on what it did do. External is not a central agency like the others. It does not have their clout and should not even be trying to exercise the same kind of control. It has to fulfill its co-ordinating and integrating functions by exercising its ‘diplomatic’ skills, by suasion and negotiation, by the force of intellect. But it is precisely these skills that are being ignored and these abilities that are being squandered.

When there was acceptance that External should be ‘controlling’ international relations, there were complaints about the inability of the Department to match the expertise of the other Ottawa players. But the majority of those who addressed the problem thought that it was more a matter of foreign service officers being knowledgeable enough in technical subjects to discuss them, of being able to approach them from their particular professional perspective.

Although External is perceived by the members of the foreign service to be focusing all of its energies and attention on Ottawa, it is also seen as becoming “less and less relevant to the domestic scene”. There is a fear that “if its

activities are not focused, they will veer off even more". The problem might not, however, be entirely External's fault but perhaps "arose from an inner Canadian identity, even a Canadian isolationism".

Another problem is the feeling that the foreign service is labouring under a paper burden and a degree of bureaucratization that detract from its effectiveness. "One of the most frustrating aspects of the foreign service has been the relentless encroachment of triviality and bureaucracy in all aspects of our work and life abroad. We sometimes feel like Gulliver in Lilliput, waking to find ourselves immobilized by tiny threads woven around us while we slept."

There is a feeling that the foreign service has become the plaything of management consultants. As one FSO put it: "It was a black day for the Foreign Service when the first team of management consultants crossed our threshold (in 1963, as I recall, as part of the Glassco Commission). It was a small group, but no doubt the advance parties of the Mongol hordes first sighted were also few in number. Now, less than two decades later, 'management' had been made our god."

This elevation in the status of 'management' seems to have brought with it an alienation of the managers from the managed, while the technological revolution seems to have been accompanied by a breakdown of communications. There is a communications gap between posts and headquarters and what is almost an abyss between management in Ottawa and those in the field. Although we did not examine every other foreign service, we are left with a clear impression that ours is in the minority in being characterized by a number of strongly-felt adversarial relationships. Members of other foreign services we spoke to, either at their headquarters or on post, told us of a feeling of identity between those in the field and those back in capitals. Members of our foreign service spoke of 'we' and 'they'.

Some FSOs spoke of an identity crisis and wondered whether there really was still such a creature as a professional career foreign service officer or whether "the FSO has become an Ottawa civil servant who happens to be living abroad". One description of this crisis was the "feeling among officers that they are no more than relics of a system which is obsolete but which won't go away".

A feeling common to a substantial number of foreign service officers is that they are not regular public servants and that the foreign service must be protected from the regular public servants who come in "to cream off the best jobs and then leave without paying their dues in the hardship posts". This sense of uniqueness was not based on the "view that the Foreign Service was a 'glamour job' or better than the Public Service, but that it certainly did call for different skills and was different in many of its functions".

There is a sense that "the foreign service has lost the confidence of the government". This is not to be wondered at when "for more than a decade, 'throwing rocks at External' has been an enormously popular pastime in government, academe, and the media . . . Even allowing for the legitimacy of the criticism levelled against the Foreign Service, it was inevitable that a fragile thing like esprit de corps or 'morale' should suffer."

Members of the foreign service understand their role and have adapted to shifts in the emphasis given to their various functions. That is not the problem

for them. Their dissatisfaction arises out of their perception of how the role of the foreign service is being interpreted and how they are being used by senior management, by other departments and by the Government. It also arises from a conviction that senior management in Ottawa directs most of its attention in Ottawa to the policy side and does not even do this very effectively. Foreign service officers know what their job is, but they feel that their masters don't.

Conclusions

In our introduction, we undertook to address the concerns raised by the Prime Minister in his letter to the Commissioner. The first of these was whether dissatisfaction with foreign service may not relate in part to an understanding of such service "based on a concept of diplomatic practice" that is obsolete. This is related directly to his second point, whether "traditional concepts of foreign service have diminished relevance in an era of instantaneous, world-wide communications in which there is increasing reliance on personal contacts between senior members of governments [and] in which international relations are concerned with progressively more complex and technical questions".

If there is any misunderstanding of foreign service based on obsolete concepts, it is not among foreign service officers. Members of the foreign service are professionals who accept and understand their jobs. Their problems relate not to the 'role' of the foreign service, but to how they believe that role and their fulfilment of it is interpreted back in Ottawa; to how they are tasked and utilized; to the preoccupation with playing the Ottawa game; to the neglect by management of operations; and to the increasing communications gap between the managers and the managed. All of these are reasons why carrying out the foreign service role "no longer provides the satisfaction which it should".

Misunderstanding of the foreign service role is not particularly an 'Ottawa' problem either. What *is* a problem in Ottawa is an apparent inability to balance the two elements in the foreign service role and to use the foreign service effectively. Notwithstanding the new management techniques that have been put in place and the various reorganizations to which both the public service and the foreign service have been subjected, there appears to have been little progress in deciding exactly what it is that the foreign service must do and, as a result, little communication to the Service itself of its objectives.

The fault lies not in out-moded concepts of foreign service and not in an inability to adjust to the impact of technology. The fault does lie, as the Prime Minister suggested, in the failure to reflect this new era adequately in our approach to foreign service.

Advances in technology, which have made higher level dealings abroad as likely to be carried out by members of the Government or senior officials from Ottawa as by the foreign service on the spot, have not been used to complete this integration. Members of the Service who are on post are more isolated from what goes on in Ottawa than they were before it became possible to pick up the telephone and speak directly to Europe or Asia or before it became possible to dictate a message in Africa and have it land on an Ottawa desk the

next morning. Despite all the advances in technology, the policy process is more and more within the exclusive province of those back at headquarters.

On the operations side, there is little sense at the posts that Ottawa really knows or cares what goes on there on a day-to-day basis — and there is little to be heard in Ottawa to dispel that belief. Conversations with the managers of the foreign service do not convey any sense that approximately 70 per cent of what the Service does, in dollar terms at least, is directly related to operations.

In sum, if we stop sending members of the foreign service out on jobs whose relevance to Canada's interests they cannot see — and no one can explain to them, if we stop asking foreign service officers to do jobs whose product is ignored back in Ottawa, if we stop recruiting foreign service officers without being honest about what will be required of them, if we stop thinking of the foreign service as an institution mired in the past, if we start looking at the foreign service as an institution ready and willing to do the jobs Canada requires of it as we head toward the twenty-first century, the foreign service of the future should be able to achieve a degree of satisfaction with its role that will obviate the need for further inquiries.

THE FOREIGN SERVICE TODAY

This report is intended to serve as a supplement to the other staff reports. It is essentially background information that should contribute to a better understanding of today's foreign service. A discussion of the location of the foreign service posts maintained by Canada, the types of posts and the growth in their numbers introduces the report. A detailed look at the composition of the foreign service, including a demographic picture, is presented in the manpower section. The concluding section examines the costs of maintaining the foreign service as well as the impact of the government's policy of budgetary restraint.

The Foreign Service: Posts

Types of Posts

Canada maintains diplomatic or consular relations with 166 states.* It is represented by a resident Ambassador or High Commissioner in 78 countries and has a non-resident accredited representative for 87.** In addition, there

* Canada has exclusively consular relations with Afghanistan, Andorra, Liechtenstein, Monaco and San Marino, although only through non-resident accreditation. We also have official relations with Hong Kong, a colonial territory.

** An *Ambassador* represents the Governor General and is accredited to the receiving country's Head of State. A *High Commissioner* represents the Government of Canada and is accredited to the host government of another Commonwealth country (because the sovereign cannot technically dispatch an ambassador to herself). Canada's representatives in those Commonwealth countries that are republics or national monarchies, while still termed High Commissioners, are, like Ambassadors, sent by the Governor General and accredited to the receiving country's Head of State.

are 18 consulates general (in 6 countries), 8 consulates (in 2 countries), 1 military mission/consulate (Berlin), 3 "Offices of the Canadian Embassy" (Bamako, Niamey, Ouagadougou) and 1 Commission (Hong Kong).⁺ Canada is also represented by 8 honorary consuls and 1 honorary consul general.⁺⁺ For the distribution by geographic region of posts abroad and states with which Canada has diplomatic relations consult Table FST-1. Tables FST-1a and 1b list posts according to number of employees.

Canada plays an active role in several international organizations. It has Permanent Missions to the United Nations in New York and to the UN office in Geneva. The Geneva mission is also accredited to the Secretariat of the General Agreement on Tariffs and Trade, the Conference of the Committee on Disarmament, and to the UN specialized agencies with headquarters in Geneva.

Permanent Delegations represent Canada at the North Atlantic Council in Brussels, the United Nations Educational, Scientific and Cultural Organization in Paris, the Organization for Economic Co-operation and Development in Paris, the Mutual and Balanced Force Reduction Talks in Vienna, and the Conference on Security and Cooperation in Europe in Madrid. Canada's Mission to the European Communities in Brussels, although not designated as such, is also a Permanent Delegation. Canada is not a member of the Organization of American States but does maintain an observer mission at its headquarters in Washington.

There are also several international bodies at which Canada is represented by an office which, rather than having an independent Ambassador, is under the authority of an Ambassador or High Commissioner already resident in the city concerned. The permanent missions to the United Nations Industrial Development Organization in Vienna, the United Nations Atomic Energy Agency, also in Vienna, and the United Nations Environmental Program in Nairobi, as well as the permanent representative to the Food and Agriculture Organization in Rome fall into this category.

In addition to these diplomatic and consular posts, the Canadian government, through the Department of Industry, Trade and Commerce, maintains a tourism office in Frankfurt. The Department of Supply and Services has officials stationed in Koblenz, Lahr, Burbank, St. Louis, Yuma and at some foreign service posts. They are primarily responsible for the procurement of goods and services required by government departments and agencies, especially the Department of National Defence. Canadian officials are also involved with development assistance projects in many countries.

⁺ Several criteria, such as the size of the post, the importance and volume of relations with the country or territory, and considerations of status and reciprocity, are used to determine whether a post is designated a consulate or, the more senior, consulate general. The designation 'office' indicates that there is no resident Ambassador or chargé-d'affaires. Diplomatic posts in Commonwealth territories that are not yet independent are referred to as Commissions rather than High Commissions.

⁺⁺ The honorary consuls are located in Acapulco, Asuncion, Guadalajara, La Paz, Malaga, Nassau, St. Pierre and Santo Domingo and the honorary consul general is in Reykjavik.

Growth in Posts

Table FST-2 presents a detailed history of the openings and closings of Canadian posts abroad between 1868, the year the first immigration office opened, and the present day. It reveals two initial spurts of growth — the first in the period 1902 to 1911 and the second in 1929 and 1930 as the network of trade commissions was expanded. By September 1939, Canada had 7 diplomatic posts (4 of which included trade representatives), 27 separate trade commissions and several immigration offices. At the end of World War II there were 38 Canadian posts abroad, 16 of which were in Commonwealth countries, 8 in Europe, 7 in Latin America, 4 in the US, and 3 in other regions. As shown in Figure FST-3, the total has more than tripled to 119 in 1981. This expansion was the result of two developments; first, the decolonization process and the emergence on the international scene of approximately 100 new states, and second, changes in Canada's political and economic interests that necessitated increased representation abroad.

Growth in the number of posts in the immediate post-war period was rapid. Between 1946 and 1950 there was a 79 per cent increase, with the biggest jumps coming in 1946 (9 openings) and 1947 (11 openings). Europe remained the principal area of interest, although the USA and, for the first time, Commonwealth Asia also figured prominently. Growth in the early 1950s was consistent (an 18 per cent increase between 1951 and 1955) but dropped to only 8 per cent between 1956 and 1960. The rate of growth between 1961 and 1965 reached 16 per cent, with the most significant developments being an expansion of consular representation in Europe and the United States and the opening of the first posts in Francophone Africa. The period 1966 to 1970 saw an increase of only 4 per cent in the number of posts. The main reason for this was the large number of closings (9) between 1968 and 1970. Growth resumed in the early 1970s, rising to 13 per cent for the period 1971 to 1975, with almost half of the new posts opening in Africa. Between 1976 and 1980, however, the rate of growth was only 1 per cent. The immediate impact of the budgetary restraints of the late 1970s was the net loss of 4 posts in 1978 and 1979, although 3 new missions have opened since then.

There has also been remarkable growth in the number of countries to which Canada accredits a non-resident representative. As shown in Table FST-4, the total has risen from 2 in 1955 to 87 today, almost half of which are in Africa or the Middle East.

Hardship Posts

Because conditions at foreign posts vary considerably in terms of living conditions, security concerns and amenities available, the Department of External Affairs (DEA) classifies posts according to levels of hardship. After initially employing the system used by the United States government, DEA established its own system in the late 1950s. Table FST-5 provides a picture of the number of posts at each level of hardship in four selected years. Since 1956, hardship posts have increased from 21 per cent of the total to the point where they now constitute fully 50 per cent of all of Canada's posts abroad.

(text continues on page 108)

TABLE FST-1
DISTRIBUTION OF CANADIAN POSTS ABROAD
BY GEOGRAPHIC REGION, 1981

	Number of Canadian Posts		Number of Countries with which Canada has official relations	
Africa and the Middle East	26	(23)		64
Anglophone Africa		8	(8)	25
Francophone Africa		11	(8)	22
Middle East		7	(7)	17
Asia and the Pacific	17	(14)		30*
Northeast Asia		4	(3)	5*
Pacific		9	(7)	19
South Asia		4	(4)	6
Europe	34	(24)		34
Eastern Europe		6	(6)	8
Western Europe		28	(18)	26
Latin America and Caribbean	18	(16)		37
Caribbean		4	(4)	16
Latin America		14	(12)	21
United States	15	(1)		1
International Organizations	9**			
TOTAL	119	(78)		166

Note: The figures in parentheses are the numbers of Embassies and High Commissions in each region.

* Totals include the colony of Hong Kong.

** Seven of the international organizations are located in Europe and two in the United States.

Source: Table FST-2.

TABLE FST-1a

**CANADIAN POSTS
ABROAD BY NUMBER OF EMPLOYEES
(Canada-Based Staff)**

Post	No. of Employees	Post	No. of Employees
1. Washington*	120	28. Prague	18
2. London	91	28. Vienna++	18
3. Paris**	70	33. Havana	17
4. Tokyo	53	33. Islamabad	17
5. Bonn	49	33. Los Angeles	17
6. Moscow	40	33. Manila	17
7. Brussels: NAC	38	33. Seoul	17
8. New York	35	38. Bogotá	16
9. Brussels+	34	39. Bridgetown	15
10. New Delhi	32	39. Kinshasa	15
10. Rome	32	41. Athens	14
12. New York: UN	31	41. Beirut	14
13. Peking	30	41. Chicago	14
14. Hong Kong	28	41. Dakar	14
15. Geneva: UN	27	41. Lima	14
16. Warsaw	26	46. Algiers	13
17. Belgrade	25	46. Budapest	13
18. Mexico City	24	46. Jeddah	13
19. Abidjan	23	46. Lagos	13
19. Bangkok	23	46. Pretoria	13
19. Brussels: EC	23	46. Stockholm	13
19. Nairobi	23	52. Accra	12
23. Tel Aviv	22	52. Ankara	12
24. Cairo	20	52. Boston	12
24. Canberra	20	52. Caracas	12
24. Jakarta	20	52. Dacca	12
24. Singapore	20	52. Madrid×	12
28. The Hague	18	52. Paris: OECD	12
28. Kingston	18	52. San Francisco	12
28. Port of Spain	18		

* When OAS is included, total number of Canada-based staff in Washington is 123.

**When OECD and UNESCO are included, total number of Canada-based staff in Paris is 86.

+ When NAC and EC are included, total number of Canada-based staff in Brussels is 95.

++ When MBFR Talks are included, total number of Canada-based staff in Vienna is 21.

× When CSCE is included, total number of Canada-based staff in Madrid is 20.

TABLE FST-1a (cont'd)

Post	No. of Employees	Post	No. of Employees
52. Yaoundé	12	90. Cleveland	6
61. Atlanta	11	90. Colombo	6
61. Port-au-Prince	11	90. Detroit	6
61. Santiago	11	90. Marseilles	6
61. Tunis	11	90. Minneapolis	6
65. Berne	10	90. Philadelphia	6
65. Brasilia	10	96. Addis Ababa	5
65. Buenos Aires	10	96. Hamburg	5
65. Dar-es-Salaam	10	96. Helsinki	5
65. Kuala Lumpur	10	99. Bordeaux	4
65. Lisbon	10	100. Glasgow	4
65. Lusaka	10	100. Holy See	4
65. Oslo	10	100. Melbourne	4
65. Seattle	10	100. Milan	4
74. Baghdad	9	100. Paris: UNESCO	4
74. Rabat	9	100. Sao Paulo	4
74. San José	9	100. Strasbourg	4
77. Birmingham	8	107. Bamako	3
77. Bucharest	8	107. Dusseldorf	3
77. Guatemala City	8	107. Frankfurt	3
77. Kuwait	8	107. Niamey	3
77. Madrid: CSCE	8	107. Quito	3
77. Sydney	8	107. Rio de Janeiro	3
77. Wellington	8	107. Vienna: MBFR	3
84. Buffalo	7	107. Washington: OAS	3
84. Copenhagen	7	115. Berlin	2
84. Dallas	7	115. Libreville	2
84. Dublin	7	115. New Orleans	2
84. Georgetown	7	115. Ouagadougou	2
84. Salisbury	7	119. Tehran	0

Note: Due to differences in time and method of compilation total does not correspond to those in Tables FST-7 and FST-8.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

TABLE FST-1b

**CANADIAN POSTS ABROAD BY NUMBER OF EMPLOYEES
(Canada-Based and Locally-Engaged Staff)**

Post	No. of Employees	Post	No. of Employees
1. London	290	30. Bangkok	39
2. Washington*	210	30. Chicago	39
3. Paris**	155	32. Bogotá	38
4. New Delhi	130	33. Geneva: UN	37
5. Tokyo	125	34. Beirut	36
6. Bonn	97	34. Seoul	36
7. Brussels+	82	34. New York: UN	36
7. Rome	82	37. Canberra	35
9. Hong Kong	79	37. Lisbon	35
9. New York	79	39. Boston	34
11. Moscow	70	39. Lagos	34
12. Islamabad	64	39. Prague	34
13. Mexico City	52	39. San Francisco	34
14. Port of Spain	51	39. Singapore	34
15. Belgrade	50	44. Lima	33
15. Cairo	50	45. Stockholm	32
17. The Hague	49	46. Buenos Aires	31
18. Warsaw	48	46. Madrid×	31
19. Kingston	46	48. Havana	30
19. Nairobi	46	48. Seattle	30
21. Manila	45	50. Santiago	29
21. Peking	45	51. Algiers	28
23. Brussels: NAC	44	51. Bridgetown	28
23. Los Angeles	44	51. Kinshasa	28
25. Tel Aviv	43	51. Pretoria	28
26. Abidjan	42	55. Accra	27
26. Vienna++	42	55. Atlanta	27
28. Athens	41	55. Berne	27
28. Jakarta	41	55. Brussels: EC	27

* When OAS is included, total number of employees in Washington is 216.

** When OECD and UNESCO are included, total number of employees in Paris is 178.

+ When NAC and EC are included, total number of employees in Brussels is 153.

++ When MBFR Talks are included, total number of employees in Vienna is 48.

× When CSCE is included, total number of employees in Madrid is 43.

TABLE FST-1b (cont'd)

Post	No. of Employees	Post	No. of Employees
55. Caracas	27	88. Kuwait	17
55. Sydney	27	88. Lusaka	17
61. Port-au-Prince	26	92. Minneapolis	16
62. Ankara	25	92. Paris: OECD	16
62. Brasilia	25	92. Rio de Janeiro	16
62. Dar-es-Salaam	25	95. Addis Ababa	15
62. Jeddah	25	95. Hamburg	15
66. Budapest	24	95. Sao Paulo	15
66. Dakar	24	98. Glasgow	14
68. Dacca	23	98. Helsinki	14
68. Oslo	23	98. Philadelphia	14
70. Colombo	22	101. Holy See	12
70. Detroit	22	101. Madrid: CSCE	12
70. Kuala Lumpur	22	101. Melbourne	12
73. Copenhagen	21	104. Dusseldorf	11
73. San José	21	104. Salisbury	11
73. Yaoundé	21	104. Strasbourg	11
76. Baghdad	20	107. Bordeaux	8
76. Buffalo	20	108. Berlin	7
76. Dublin	20	108. Paris: UNESCO	7
76. Milan	20	110. Frankfurt	6
76. Rabat	20	110. Niamey	6
76. Tunis	20	110. Vienna: MBFR	6
82. Bucharest	19	110. Washington: OAS	6
82. Dallas	19	114. Bamako	5
82. Guatemala City	19	114. New Orleans	5
82. Wellington	19	116. Libreville	4
86. Birmingham	18	116. Ouagadougou	4
86. Marseilles	18	116. Quito	4
88. Cleveland	17		
88. Georgetown	17		

Note: Due to differences in time and method of compilation total does not correspond to that in Table FST-7.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

TABLE FST-2

A HISTORY OF CANADIAN POSTS ABROAD

Year	Posts Opened	Description	Posts Closed	Total
1868	London	Dominion Agency for Emigration ¹		1
1869	Antwerp	Immigration Office		2
1870	(Belfast*) ² (Bristol*) (Dublin*) (Glasgow*) (Liverpool*)	(Immigration Office) (Immigration Office) (Immigration Office) (Immigration Office) (Immigration Office)	Antwerp	1
1872	Antwerp Paris	Immigration Office Immigration Office		3
1875	(Worcester, Mass.)	(Immigration Office)		—
1876	(Chicago)	(Immigration Office)		—
1877	(Detroit) (Duluth)	(Immigration Office) (Immigration Office)		—
1880	London	High Commission ³ (trade commission added in 1913)		3
1882	Paris	Office of the Commissioner General ⁴ ; (trade commission added in 1902); raised to the status of a Legation ⁵ -1928		3
1894	Sydney	Trade Commission		4
1902	Capetown	Trade Commission; raised to the status of a Consulate-1974		5
1903	Birmingham Manchester Melbourne Leeds/Hull	Trade Commission Trade Commission Trade Commission; Consulate General-1973 Trade Commission		9
1904	Bristol Yokohama	Trade Commission Trade Commission		11
1905	Chicago Mexico City St. John's (Nfld.)	Trade Commission Trade Commission Trade Commission	Chicago	13
				95

TABLE FST-2 (*cont'd*)

Year	Posts Opened	Description	Posts Closed	Total
1906				13
1907	Bridgetown	Trade Commission		14
1908	Glasgow	Trade Commission; Immigration Office-1951; Consulate-1973		15
1909	Amsterdam	Trade Commission		21
	Belfast	Trade Commission		
	Durban	Trade Commission		
	Havana	Trade Commission		
	St. John's (Antigua)	Trade Commission		
	Shanghai	Trade Commission		21
1910	Auckland	Trade Commission	Sydney	22
	Berlin	Trade Commission		
1911	Buenos Aires	Trade Commission; Legation-1941; Embassy-1945	St. John's (Antigua)	23
	Rio de Janeiro	Trade Commission		
1912			Mexico City Rio de Janeiro	21
1913	Hamburg	Trade Commission	Amsterdam	19
	Rotterdam	Trade Commission (moved from Amsterdam); and Immigration Office-1922*	Belfast	
			Berlin	
			Durban	
1914	(Copenhagen)	(Immigration Office)	Hamburg Yokohama	17
1915	Petrograd	Trade Commission		18
1916	Omsk	Trade Commission		19
1917	Liverpool	Trade Commission	Leeds/Hull	20
	Milan	Trade Commission		
1918	New York	Dominion of Canada Information Office ⁶ ; Trade Commission-1921; Consulate General-1943	Manchester Omsk Petrograd	21
	Vladivostok	Trade Commission		
	Washington	War Mission		
	Yokohama	Trade Commission		
1919	Rio de Janeiro	Trade Commission; Legation-1941;		

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
		Embassy-1944; Consulate-1972; Consulate General-1980		22
1920	Brussels	Trade Commission; Legation-1939	St. John's (Nfld.)	22
1921	Kingston	Trade Commission; High Commission-1962	Vladivostok Washington	
	Singapore	Trade Commission		22
1922	Calcutta	Trade Commission		
	Hamburg	Trade Commission; and Immigration Office-1923*7		
	Mexico City	Trade Commission; Embassy-1944		25
1923	Copenhagen	Trade Commission	Yokohama	
	Kobe	Trade Commission (moved from Yokahama)		
	Hong Kong	Immigration Office; and Trade Commission-1929		27
1924	Dublin ⁸	Trade Commission; High Commission-1940; Embassy-1950	Birmingham Bridgetown Copenhagen Havana	
	Port of Spain	Trade Commission; Commission (West Indies)-1958; High Commission (Trinidad and Tobago)-1962		
	Danzig*	Immigration Office		
	Riga*	Immigration Office		27
1925	League of Nations: Geneva	Advisory Office; Permanent Delegation-1939		
	Bucharest*	Immigration Office		29
1926			Singapore	28
1927	Havana	Trade Commission; Legation-1945; Embassy-1950	Bucharest*	
	Washington	Legation; Embassy-1943		29
1928	Batavia	Trade Commission		30

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
1929	Athens Chicago Lima Oslo Panama City Tokyo	Trade Commission Trade Commission Trade Commission; Embassy-1944 Trade Commission Trade Commission Legation (including trade commission)		36
1930	Cairo San Francisco	Trade Commission; Embassy-1954 Trade Commission	Danzig* Riga*	36
1931	Darien	Trade Commission	Chicago San Francisco	35
1932				35
1933	Tientsin	Trade Commission (moved from Darien)	Darien	35
1934	Singapore	Trade Commission		36
1935	Johannesburg Sydney	Trade Commission; Consulate General-1974 Trade Commission; Consulate General-1973	Athens	37
1936			Batavia	36
1937			Tientsin	35
1938	Berlin ⁹	Trade Commission	Hamburg	35
1939	Canberra The Hague Los Angeles	High Commission Legation Trade Commission; Consulate General-1953	Berlin Kobe	36
1940	Pretoria Wellington Governments- in-Exile: London Godthaab Chicago	High Commission; Embassy-1961 High Commission One office accredited to the governments of Belgium, Netherlands, and later (1942) to Czechoslovakia, Greece, Norway, Poland, and Yugoslavia Consulate Trade Commission; Consulate General-1947	Brussels The Hague League of Nations: Geneva Milan Oslo Paris Rotterdam Antwerp	33

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
1941	St. John's (Nfld.) St. Pierre	High Commission Consulate	Calcutta ¹⁰ Hong Kong Shanghai Tokyo	
	Bombay ¹⁰	Trade Commission		32
1942	Chungking Kuibyshev Santiago	Legation; Embassy-1944 Legation (wartime capital) Legation; Embassy-1944	Singapore	34
1943	Moscow Algiers Lisbon Bogota	Legation (moved from Kuibyshev); Embassy-1944 Office of the Canadian Representative to the French Committee of National Liberation Immigration Office; Consulate General-1945; Legation-1952; Embassy-1955 Trade Commission (moved from Panama City); Embassy-1953	Kuibyshev Bristol* Panama City	
				35
1944	Brussels Paris	Embassy Embassy	Algiers	36
1945	Athens The Hague Oslo Berlin	Embassy Legation; Embassy-1947 Legation; Embassy-1955 Military Mission to the Allied Control Commission; and Consulate-1973	Governments-in- Exile: London St. Pierre	
				38
1946	Nanking Caracas Frankfurt Guatemala City Hong Kong	Embassy (moved from Chungking) Consulate General; Embassy-1952 Trade Commission; Consulate-1948 Trade Commission; Embassy-1961 Trade Commission; Commission-1971	Chungking Godthaab Auckland	

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
	Leopoldville/ Kinshasa	Trade Commission; Consulate General-1960; Embassy-1962		
	Shanghai	Trade Commission; Consulate-1948		
	Singapore	Trade Commission; High Commission-1966		
	Tokyo	Liaison Mission to the Office of the Supreme Commander of the Allied Powers, and Trade Commission; Embassy-1952		44
1947	Ankara	Embassy		
	Berne	Legation; Embassy-1953		
	Copenhagen	Legation; Embassy-1956		
	New Delhi	High Commission		
	Prague	Legation; Embassy-1962		
	Rome	Legation; Embassy-1948		
	Stockholm	Legation; Embassy-1956		
	Warsaw	Legation; Embassy-1960		
	Istanbul	Trade Commission; Consulate-1951		
	Karachi	Trade Commission; High Commission-1949		
	Sao Paulo	Consulate; Consulate General-1980		55
1948	Belgrade	Legation; Embassy-1951		
	United Nations: New York	Permanent Delegation; Permanent Mission-1955 (change in designation only)		
	United Nations: Geneva	Permanent Delegation; Permanent Mission-1955 (change in designation only)		
	Boston	Consulate; Consulate General-1951		
	Detroit	Consulate		
	San Francisco	Consulate General		61
1949	Bonn	Mission; Embassy-1951	St. John's	
	Manila	Consulate General; Embassy-1973	(Nfld.)	

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
1950	Belfast	Immigration Office; Consulate-1973		65
	Karlsruhe (Germany)	Immigration Office		
	Salzburg	Immigration Office		
	Colombo	Trade Commission; High Commission-1953	Nanking	68
	OEEC/ OECD ¹¹ ; Paris	Permanent Delegation		
1951	Madrid	Trade Commission; Embassy-1953		
	Seattle	Immigration Office		69
	Hanover	Immigration Office	Shanghai	
	Naples	Trade Commission	Seattle	
1952	San Juan	Trade Commission		70
	Helsinki	Legation; Embassy-1960	Frankfurt	
	Ciudad	Trade Commission;	Istanbul	
	Trujillo/ Santo Domingo	Embassy-1953	Naples Salzburg San Juan	
	North Atlantic Council: Paris ¹²	Delegation		
1953	Beirut	Trade Commission; Legation-1954; Embassy-1958		74
	Linz	Immigration Office		
	New Orleans	Consulate; Consulate General-1955		
	Jakarta	Embassy		
1954	Montevideo	Embassy		80
	Seattle	Consulate General		
	Vienna	Legation; Embassy-1956		
	Port-au-Prince	Embassy		
	Tel Aviv	Embassy		
1955	Kobe	Trade Commission		80
	ICC ¹³ ; Saigon	Delegation		
	Phnom Penh	Delegation		
	Vientiane	Delegation		
1956	Salisbury	Trade Commission	Linz	80
1956	—			80

TABLE FST-2 (*cont'd*)

Year	Posts Opened	Description	Posts Closed	Total
1957	Accra Bristol Cologne Hamburg	High Commission Immigration Office Visa Office ¹⁴ Consulate; Consulate General-1960	Hanover Karlsruhe Kobe	
	Leeds	Immigration Office		82
1958	Kuala Lumpur	High Commission	ICC: Vientiane	82
1959	Tehran	Legation; Embassy-1961 ¹⁵		83
1960	Lagos UNESCO ¹⁶ : Paris	High Commission Permanent Delegation		
	EC ¹⁷ : Brussels	Mission		86
1961	Quito San Jose Dusseldorf	Embassy Embassy Consulate; Consulate General-1966		
	Philadelphia ICC: Vientiane	Consulate Delegation		91
1962	Dar-es-Salaam Yaoundé Brasilia	High Commission Embassy Office ¹⁸ ; Embassy-1972		94
1963	—			94
1964	Georgetown	Commission; High Commission-1966		
	Nicosia Cleveland Milan	High Commission Consulate Consulate General		98
1965	Bordeaux Frankfurt	Consulate General Tourist Office (without diplomatic status)	Salisbury	
	Marseilles	Consulate General		100
1966	Addis Ababa Dakar Rawalpindi	Embassy Embassy High Commission (moved from Karachi)	Karachi Bombay	
	Tunis	Embassy		102
1967	Nairobi Ponta Delgada (Azores)	High Commission Consulate		

TABLE FST-2 (cont'd)

Year	Posts Opened	Description	Posts Closed	Total
1968	Birmingham	Immigration Office; Consulate-1973		106
	Budapest	Office ¹⁹ ; Embassy-1972		
	Bangkok	Embassy	Rawalpindi	106
	Islamabad	High Commission (moved from Rawalpindi); Embassy-1973	North Atlantic Council: Paris Bristol Leeds	
1969	Dallas	Consulate		106
	North Atlantic Council: Brussels	Delegation (moved from Paris)		
1969	Manchester	Visa Office; Consulate-1973	Nicosia	106
	San Juan	Consulate	ICC: Phnom Penh	
1970	Abidjan	Embassy	Quito	105
	Holy See	Embassy	Montevideo	
	Buffalo	Consulate	Santo Domingo	
	Minneapolis	Consulate	Liverpool Ponta Delgadia	
1971	Algiers	Embassy		108
	Peking	Embassy		
	Niamey	Office (accredited Ambassador resident in Abidjan)		
1972	Dacca	High Commission		113
	Lusaka	High Commission		
	OAS ²⁰ : Washington	Observer Mission		
1973	Atlanta	Consulate General		115
	Stuttgart	Consulate		
	Bridgetown	High Commission	Cologne	
	Seoul	Embassy	ICC: Saigon	
	Saigon	Embassy	ICCS: Saigon	
1974	CSCE ²¹ : Geneva	Permanent Delegation		117
	ICCS ²² : Saigon	Delegation		
1974	Jeddah	Embassy	ICC: Vientiane	117
	Rabat	Embassy		
	Ouagadougou	Office (accredited Ambassador resident in Abidjan)		
				103

TABLE FST-2 (*conc'd*)

Year	Posts Opened	Description	Posts Closed	Total
1975	Baghdad Bamako	Embassy Office (accredited Ambassador resident in Abidjan)	Saigon CSCE: Geneva	
	Strasbourg	Consulate General		118
1976	Bucharest	Embassy		119
1977	Libreville	Embassy		120
1978	—		Johannesburg San Juan Stuttgart	117
1979	Kuwait MBFR ²³ Talks: Vienna	Embassy Delegation	Belfast Capetown Manchester	116
1980	Quito Salisbury CSCE ²⁴ : Madrid	Embassy High Commission Permanent Delegation		119

* The date of opening/closing is approximate due to lack of information.

¹ Information on Canada's pre-World War II immigration offices is very limited. Where possible these offices have been noted in this table. It is not, however, a complete listing as many other offices, especially in the US, were opened at various times. The depression and World War II forced the closing of all immigration offices except London. Lisbon was opened in 1941 as a refugee inspection centre.

² Those posts appearing in parentheses have not been counted in determining the total number of posts because their closing dates could not be determined.

³ For the purpose of this table the London immigration office will henceforth be considered to be part of the High Commission.

⁴ The Paris immigration office was absorbed into the Office of the Commissioner General.

⁵ A legation was a post headed by a Minister. It was the standard type of diplomatic mission before World War II for all except the Great Powers (who exchanged Ambassadors).

⁶ Office was under the DEA.

⁷ The Immigration office was closed in the early 1930s.

⁸ A branch office, staffed concurrently by the same trade commissioner, was opened in Belfast in 1931.

⁹ As no record of the opening of the Berlin office could be found, it was assumed to have occurred in 1938.

¹⁰ Due to a lack of information the closing of the Calcutta office and the opening of the one in Bombay is estimated to have occurred in 1941.

¹¹ Organisation for European Economic Co-operation became Organisation for Economic Co-operation and Development in 1960.

¹² Headquarters transferred to Brussels in 1968.

¹³ International Control Commission (Indo-China).

¹⁴ Although performing essentially the same function as immigration offices some posts were designated "Visa Offices".

¹⁵ All Canada-based staff left Tehran in 1980. Their positions are now considered vacant.

¹⁶ United Nations Educational, Scientific and Cultural Organization.

¹⁷ European Communities.

¹⁸ For liaison with the federal government before Embassy transferred to the new capital. As an 'office', there was no resident Ambassador or Chargé d'affaires.

¹⁹ This 'office' functioned as a consulate and was housed in the British Embassy.

²⁰ Organization of American States.

²¹ Conference on Security and Cooperation in Europe.

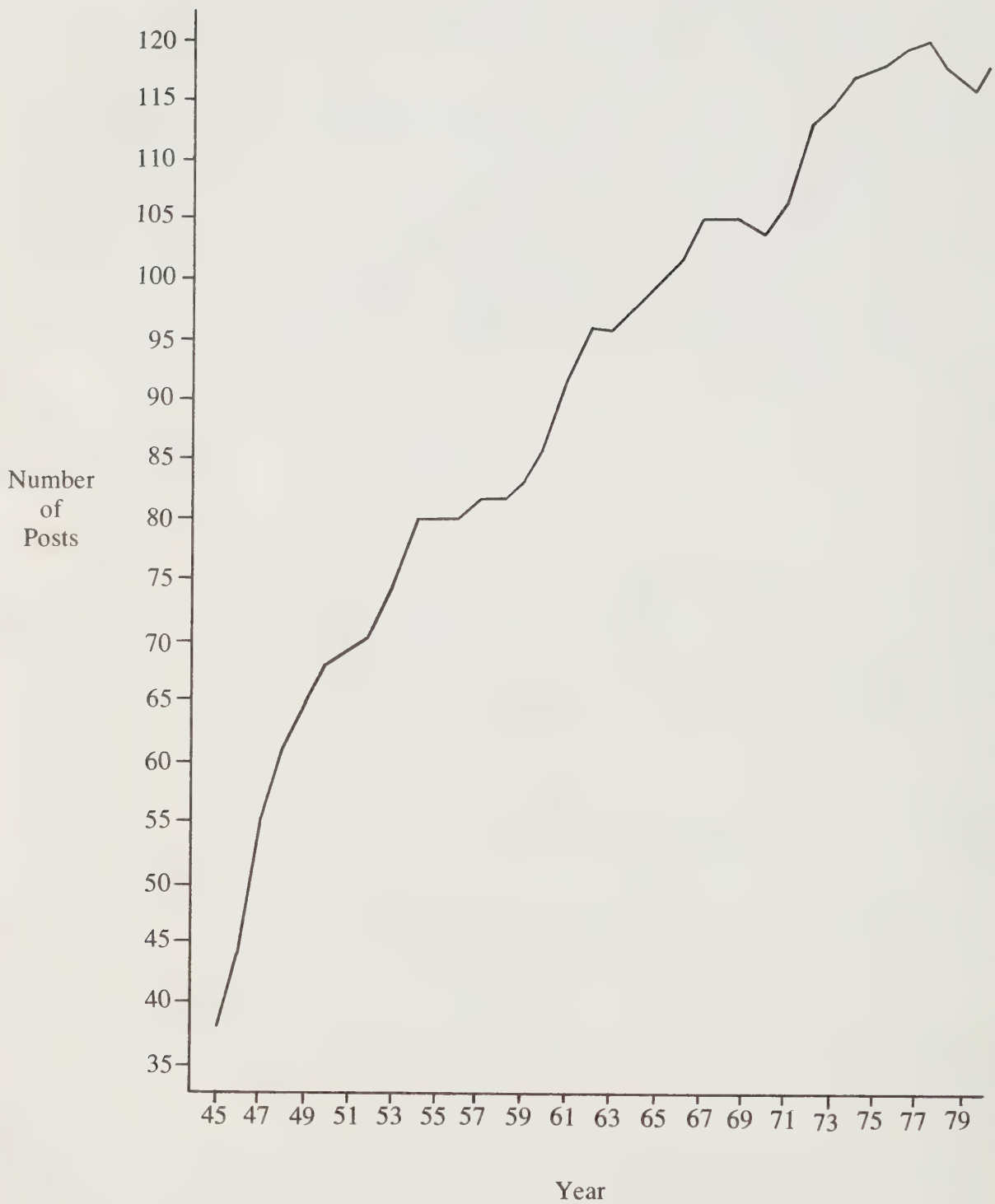
²² International Commission for Control and Supervision.

²³ Mutual and Balanced Force Reduction.

²⁴ Conference on Security and Cooperation in Europe.

Sources: Department of External Affairs, *Canadian Representatives Abroad* 1928-1980; DEA, *Annual Reports* 1940-1979; Department of Trade and Commerce, *Annual Reports* 1924-1948; Department of Mines and Resources, *Annual Reports* 1938/39-1939-40; O. Mary Hill, *Canada's Salesman to the World: Department of Industry, Trade and Commerce, 1892-1939* (Montreal: McGill-Queen's University Press, 1977); C. H. Payne, *History of the Commercial Intelligence Service* (Commercial Intelligence Service Document, 1929); H. Gordon Skilling, *Canadian Representation Abroad* (Toronto: The Ryerson Press, 1945); and information supplied by the departments concerned.

FIGURE FST-3
GROWTH IN THE NUMBER OF POSTS
ABROAD: 1945 - 1979



Source: Table FST-2.

TABLE FST-4
NON-RESIDENT ACCREDITATIONS

Year	Africa/ Middle East	Asia/ Pacific	Europe	Latin America/ Caribbean	Total
1955	—	—	2	—	2
1960	—	1	3	—	4
1965	21	4	4	6	35
1970	31	4	10	10	55
1975	34	11	9	13	67
1980	41	15	10	21	87

Source: DEA, *Canadian Representatives Abroad*, 1955-1980.

TABLE FST-5
**DISTRIBUTION OF POSTS BY LEVELS
OF HARDSHIP: 1956 — 1981**

Level of Hardship	Number of Posts							
	1956		1967		1973		1981	
Non-hardship posts (A)	61	(79%)	75	(72%)	68	(61%)	59	(50%)
Hardship posts*:	16	(21%)	29	(28%)	44	(39%)	60	(50%)
Level I	6		4		11		10	
Level II	2		15		21		18	
Level III	6		6		8		18	
Level IV	2		4		4		14	
TOTAL POSTS	77		104		112		119	

* In ascending order of hardship.

Note: The same hardship level system was not used throughout the entire period. The levels used in this table are roughly equivalent for each of the years selected.

Source: The Foreign Service Directives and DEA Historical Division.

The Foreign Service: Manpower

Until 1981, the core personnel in the foreign service came from the Department of External Affairs (DEA), the Trade Commissioner Service (TCS) of the Department of Industry, Trade and Commerce (ITC), the Foreign Branch of the Canada Employment and Immigration Commission (CEIC), and the Canadian International Development Agency (CIDA). This included rotational and non-rotational officers and support personnel in headquarters and at posts abroad as well as locally-engaged staff (LES) abroad.

As shown in Table FST-6, foreign service manpower in 1960 totalled 2928 employees, including 689 officers, 1148 administrative support personnel and 1091 locally-engaged staff. By 1980, manpower had almost doubled to 5821, with locally-engaged staff accounting for slightly over a half of this increase, officers accounting for almost one-third and support personnel for only one-sixth. Consequently, locally-engaged staff and officers increased their composite share of manpower while that of the support personnel declined.

TABLE FST-6
FOREIGN SERVICE MANPOWER
1960 and 1980

	1960		1980		Increase 1960-1980	
	% of		% of			
	Number	Total	Number	Total	Number	%
Officers	689	23.5	1608	27.6	919	133.4
Support Personnel	1148	39.2	1634	28.1	486	42.3
Locally-engaged Staff	1091	37.3	2579	44.3	1488	136.4
TOTAL	2928	100.0	5821	100.0	2893	98.8

Source: Table FST-7

When examined by 5-year intervals since 1960 (see Table FST-7), manpower growth occurred at an approximate annual rate of 4 per cent until 1975. Subsequently, total personnel strength levelled off and the average growth rate dropped to less than 1 per cent per annum. External Affairs officers at headquarters increased from 192 in 1960 to 600 in 1980, eventually outnumbering their overseas counterparts by almost 50 per cent. Overall, the number of DEA officers increased from 414 in 1960 to approximately 1012 by 1980. The Trade Commissioner Service expanded rapidly from 145 officers in 1960 to 300 in 1975 with a small increase to 311 by 1980. The number of immigration officers increased from 130 single assignment officers in 1960, peaked at 252 rotational officers in 1975, and declined to 231 officers by the end of 1980. CIDA, starting with 3 field officers abroad in 1968 when the

agency was formally created, had 54 officers abroad by 1980. While the number of locally-engaged staff grew relatively steadily during this 20-year period, the number of administrative support personnel declined by 172 employees between 1975 and 1980.

The distribution of foreign service manpower among departments remained relatively constant until integration in 1971, when DEA's proportionate share increased from 68 per cent to 85 per cent (see Figure FST-8). Following the May 1981 consolidation, involving the transfer to DEA of approximately 340 CEIC Foreign Branch personnel, 54 CIDA Field Officers and an undetermined number of senior Trade Commissioners, over 90 per cent of foreign service employees will work for the Department of External Affairs.

As shown in Table FST-9, by 1980 over three-quarters of the 3424 Canada-based officers and support personnel were career rotational employees. Table FST-9 presents a breakdown of foreign service personnel in Canada and abroad as of May 1981. It reveals that career rotational personnel accounted for 85 per cent of the 1830 Canada-based employees at posts abroad, with secondments and representatives of other departments comprising the remainder. Fifty-nine per cent of foreign service officers and 61 per cent of foreign service support personnel (see Table FST-10) were on posting abroad in May 1981. As shown in Figure FST-11 and reflecting the distribution of posts, over 50 per cent of personnel abroad were located in Europe or the United States.

Table FST-12 illustrates the nature of the activities of foreign service program (Canada-based and locally-engaged) officers and support personnel abroad. With respect to program officers, 26 per cent of manpower resources are devoted to 'Trade and Industrial Development', followed by 18 per cent for 'Employment and Immigration' and 15 per cent for 'General Relations'. Compared with 1972, there has been a shift in emphasis from 'Defence Relations' and 'Administration and Support Services' to other programs, particularly 'General Relations' and 'Employment and Immigration'.

(text continues on page 116)

Locally-engaged staff												
EA	536	18.3	819	22.1	980	21.9	2098*	36.6	2341	40.2		
ITC — Trade Commissioner Service	308 ⁺	10.5	410 ⁺	11.0	498 ⁺	11.1	170*	3.0	169	2.9		
CEIC — Foreign Branch	247 ⁺	8.4	238 ⁺	6.4	377 ⁺	8.4	70*	1.2	69**	1.2		
Total	1091	37.2	1467	39.5	1855	41.4	2338	40.8	2579	44.3		
GRAND TOTAL	2928	100.0	3708	100.0	4482	100.0	5726	100.0	5821	100.0		

Note: Percentage totals may not add up due to rounding.

+ Approximations from the Main Estimates.

* Reflects 1971 Integration.

** Consolidated under External Affairs — May 1981.

¹ Rotational service adopted in 1965.

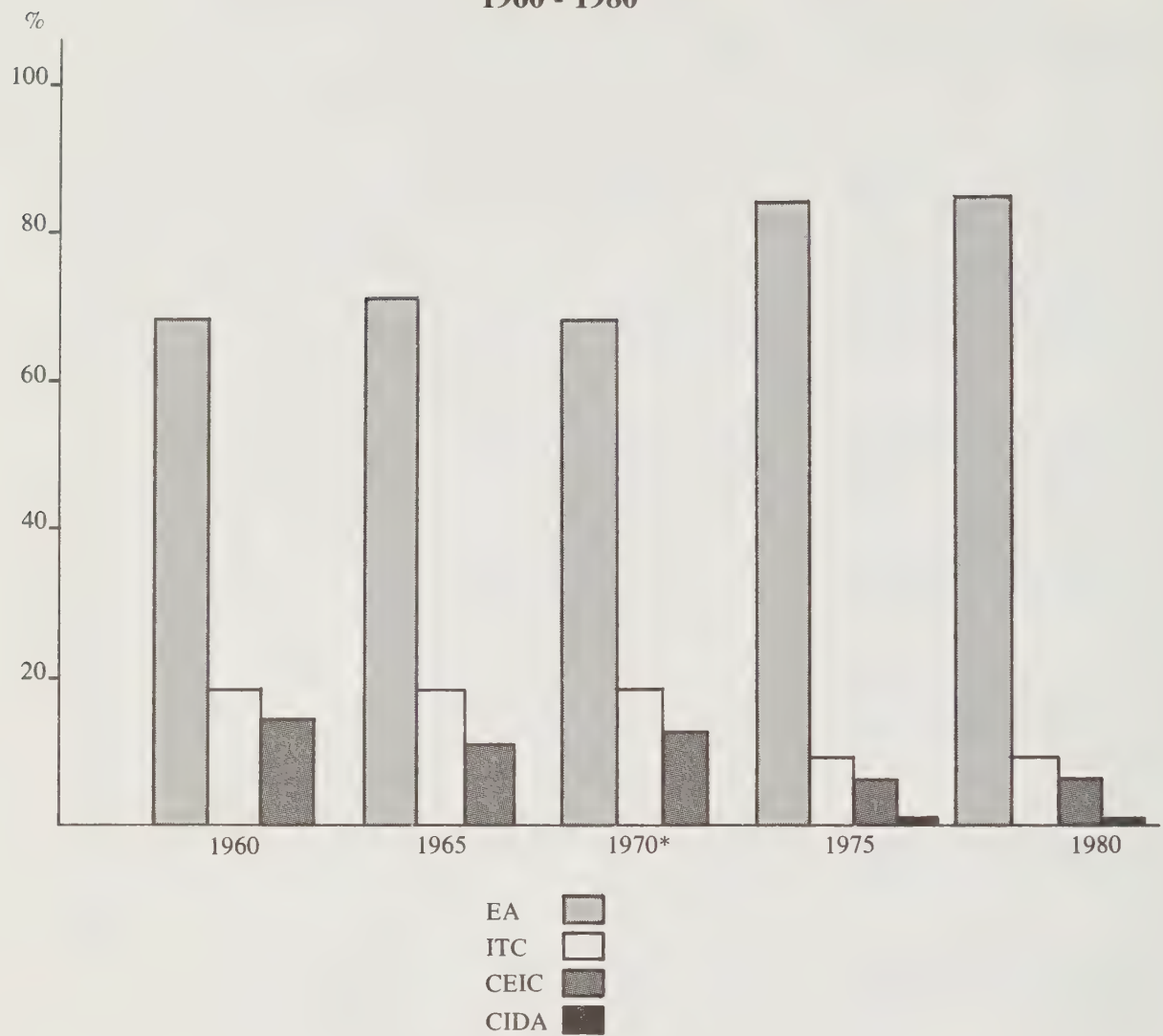
² CIDA replaced the External Aid Office in 1968. Total reflects field officers abroad.

³ Separate headquarters administration established in 1969.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

FIGURE FST-8

**DISTRIBUTION OF FS MANPOWER BY DEPARTMENT
1960 - 1980**



* CIDA's Field Officers Abroad at this point represented less than one per cent.

Source: Table FST-7.

TABLE FST-9
BREAKDOWN OF FOREIGN SERVICE POPULATION
IN CANADA AND ABROAD
(May 1981)

Personnel Groups	Canada		Abroad		Total	
	Number	% of Total	Number	% of Total	Number	% of Total
Career Rotational Officers						
EA	335	34.2	358	19.6	693	24.7
ITC	115	11.7	196	10.7	311	11.1
CEIC	66	6.7	161	8.8	227	8.1
CIDA	—	—	54	3.0	54	1.9
Total	516	52.7	769	42.0	1285	45.7
Rotational EA Support						
Secretaries	162	16.5	295	16.1	457	16.3
Clerks	110	11.2	212	11.6	322	11.5
Communicators	105	10.7	132	7.2	237	8.4
Guards	25	2.6	86	4.7	111	4.0
Technicians	46	4.7	35	1.9	81	2.9
Messengers	10	1.0	8	0.4	18	0.6
Administrative Officers	6	0.6	12	0.7	18	0.6
Total	464	47.3	780	42.6	1244	44.3
Total Career Rotational	980	100.0	1549	84.6	2529	90.0
Secondments Abroad						
EA	—	—	41	2.2	41	1.5
ITC	—	—	46	2.5	46	1.6
CEIC	—	—	11	0.6	11	0.4
Total	—	—	98	5.3	98	3.5
Other Departments						
ITC — Office of Tourism	—	—	54	3.0	54	1.9
RCMP	—	—	48	2.6	48	1.7
DND	—	—	45	2.5	45	1.6
HWC	—	—	24	1.3	24	0.9
DSS	—	—	6	0.3	6	0.2
Other	—	—	6	0.3	6	0.2
Total	—	—	183	10.0	183	6.5
GRAND TOTAL	980	100.0	1830	100.0	2810	100.0

Note: Percentage totals may not add up due to rounding.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

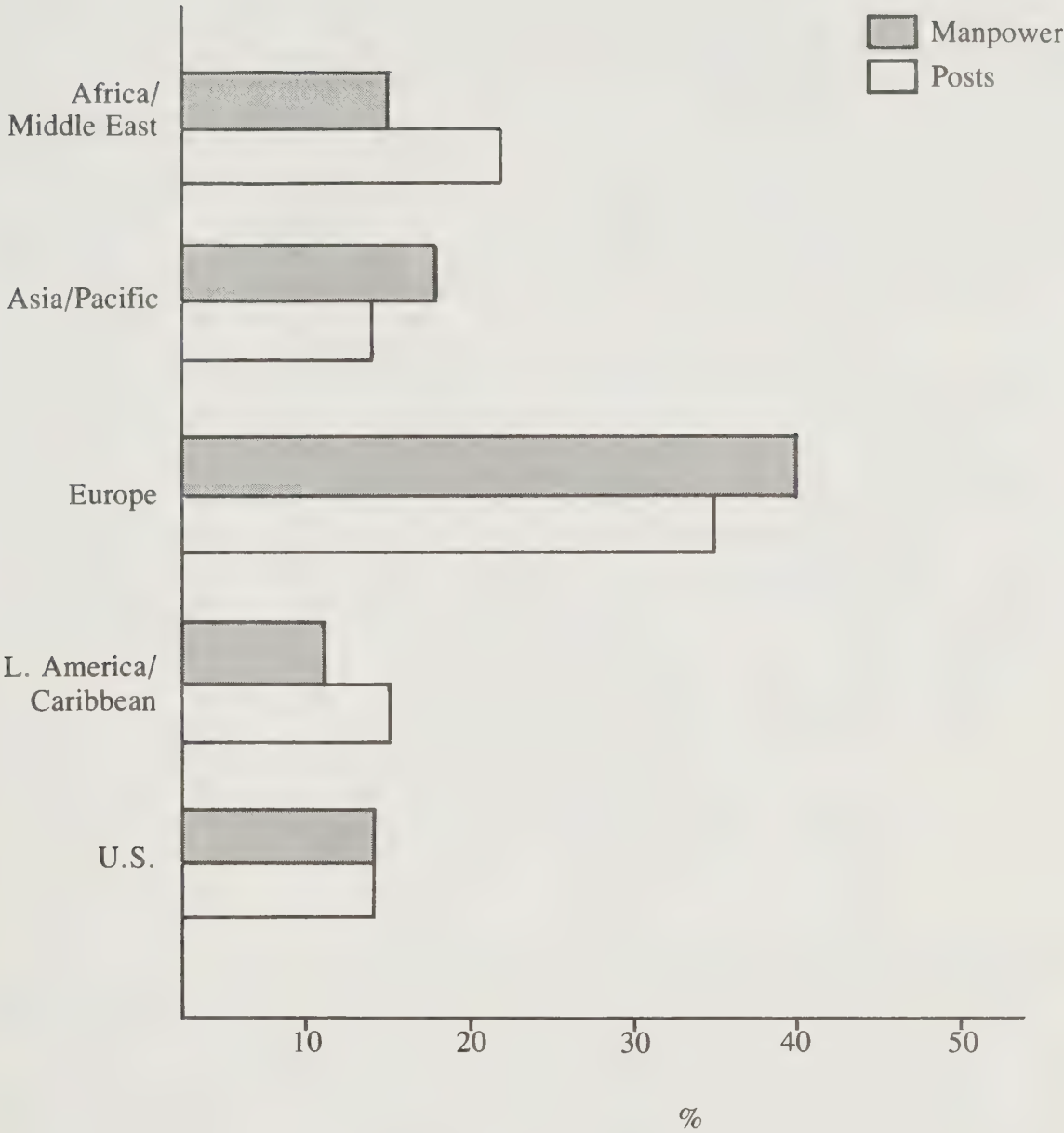
TABLE FST-10
ROTATIONAL FOREIGN SERVICE POPULATION
(May 1981)

	# of Employees	% in Canada	% Abroad	% of those abroad at Hardship Posts
Officers				
External Affairs	693	48.3	51.7	46.8
Industry, Trade and Commerce (TCS)	311	37.0	63.0	48.0
CEIC*	227	29.1	70.9	45.3
CIDA*	54	—	100.0	98.1
Total Officers	1285	40.2	59.8	46.8
Support Personnel				
Secretaries — ST/SCY	457	35.4	64.6	46.2
Clerks — CR	322	34.2	65.8	44.0
Communicators — CM	237	44.3	55.7	48.1
Guards — GS-PRC	111	22.5	77.5	53.7
Technicians — EL	81	56.8	43.2	46.9
Messengers — GS-MES	18	55.6	44.4	25.0
Administrative Officers — AS	18	33.3	66.6	75.0
Total Support	1244	37.3	62.7	47.0
Total Rotational Personnel	2529	38.8	61.2	46.9

* Consolidated under DEA May 1981.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

FIGURE FST-11
DISTRIBUTION OF MANPOWER / POSTS
BY GEOGRAPHIC REGION



Source: Interdepartmental Secretariat.

TABLE FST-12
DISTRIBUTION OF PERSON YEARS
DEPLOYED BY PROGRAM
CANADA-BASED AND LES* PROGRAM PERSONNEL

Program	1971/72 (%)	1980/81 (%)
Trade and Industrial Development	25.1	26.4
Employment and Immigration	15.5	18.0
General Relations	10.9	14.9
Administration and Support Services	12.0	7.2
Information and Cultural Relations	4.8	6.8
International Development Assistance	5.5	6.2
Defence Relations	13.6	6.0
Tourism	4.6	4.9
Consular	2.8	3.2
Police Liaison	—	2.5
Science, Technology and Environment	—	1.1
Customs and Excise	0.3	1.0
Other	4.7	0.9
Transport, Communications, Energy	0.1	0.8

* Locally-engaged staff.

Note: Totals may not add up due to rounding.

Source: Interdepartmental Secretariat, "Country Assessment Review—1981".

A Demographic Picture of the Foreign Service

As of May 1981, the average foreign service officer was a 41 year-old married man with 13 years of service. He was likely serving abroad and had a 50 per cent chance of being at a hardship post. He was a bilingual anglophone, had taken some post-graduate studies, and had likely been recruited directly from university, although he could have come from another federal government department. With the exception of secretaries, who were predominantly single females, the average rotational administrative support employee was a married man, 41 years old, with 10 years of continuous government service. He was likely an anglophone with some type of post-secondary education and had had previous work experience prior to joining the foreign service. The average foreign service family had 3.3 members including the employee, spouse and dependent children. Although the average spouse abroad was not working, one out of every four was employed. Further details of the demographics of the foreign service are as follows:

Location: As shown in Table FST-10, rotational officers with DEA had a slightly higher chance of being in Canada than their counterparts from other departments (49 per cent of DEA officers were in Canada compared with only 37 per cent of Trade Officers, 29 per cent of Immigration Officers and none of the CIDA personnel). Of the 1549 rotational employees abroad (61 per cent of the total), 47 per cent were at posts designated at some level of hardship, including 53 of CIDA's 54 field officers.

Gender: Seventy-three per cent of rotational foreign service employees were male and 27 per cent were female, as compared with a total public service distribution of 64 per cent male and 36 per cent female. When secondments and employees of other departments are considered, the distribution changes slightly to 75 per cent male and 25 per cent female. As outlined in Table FST-13, foreign service officers and the administrative officer, clerk and communicator groups contained fewer females than their domestic counterparts. The distribution of rotational technicians and secretaries was similar to that of their domestic counterparts, with the former predominantly male and the latter largely female.

Marital Status: The majority of rotational employees (62 per cent) were married, while 38 per cent were single (see Figure FST-14). Of the officers, 75 per cent were married, accounting for 62 per cent of the total married personnel. Excluding the predominantly (89 per cent) single secretarial group, 72 per cent of the support group were married. Of the 961 'singles', 401 or 42 per cent were secretaries, 321 or 33 per cent were officers, 138 or 14 per cent were members of the clerical group and the remaining 11 per cent were other support personnel.

TABLE FST-13
DISTRIBUTION OF PERSONNEL BY GENDER
AND CLASSIFICATION

Classification	Rotational Service		Public Service	
	Male (%)	Female (%)	Male (%)	Female (%)
FS	91.8	8.2	73.4*	26.6*
AS	85.0+	15.0+	66.6	33.4
CR	70.5	29.5	23.1	76.8
CM	92.4	7.6	59.0	41.0
EL	100.0	—	99.5	0.5
ST/SCY	0.9	99.1	1.0	99.0
Total	72.5	27.5	64.4	35.6

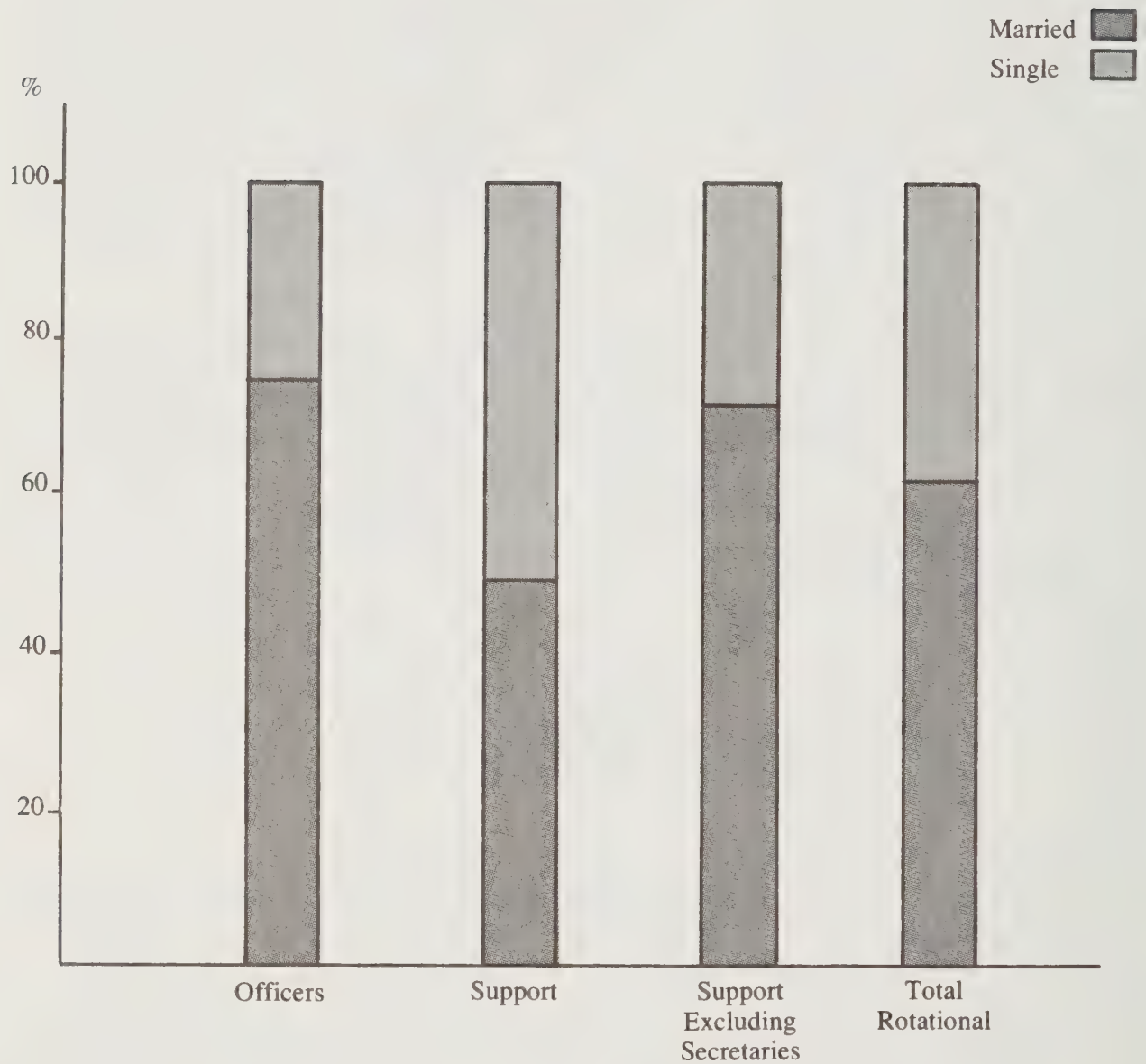
* Reflects total for Administrative and Foreign Service category.

+ Based on the 35 employees on strength as of August 1981.

Sources: DEA, ITC (TCS), CEIC Foreign Branch, CIDA and Public Service Commission, *Annual Report*, 1980.

FIGURE FST-14

**FOREIGN SERVICE COMPOSITION BY
MARITAL STATUS**



Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

Personnel records did not readily or accurately reflect divorced, separated or widowed status, but the picture presented by the 46 per cent of rotational employees who responded to the Commission's questionnaire was as follows: 66 per cent married, 22 per cent single, 6 per cent divorced, 3 per cent separated and 3 per cent cohabitants.

Family Size: The foreign service population included 1729 spouses and 2191 dependent children, resulting in an average family size of 3.3 people (see Table FST-15). A special survey conducted by the Commission of all foreign service spouses abroad counted 1134, 25.3 per cent of whom were currently employed, as opposed to 50.5 per cent who had been employed when last in Canada. The latter percentage coincides with July 1981 Statistics Canada figures which indicate that 49.5 per cent of married Canadian women were in the labour force.

Mother Tongue: As outlined in Table FST-16, 74 per cent of rotational employees indicated English or a third language as their mother tongue while 26 per cent indicated French. These figures coincide with the overall distribution within the public service. Although 76 per cent of the officers were anglophones, 82 per cent of all officers were officially bilingual.

Age: The average age of the foreign service population by employee classification was remarkably constant, with an overall average of 41 years. Only the average age of 55 years for protective staff and 36 years for the clerical group differed by more than 2 years from this norm. The 1980 average age of the public service population is slightly lower at approximately 39 years.

Sixty-seven per cent of officers and 62 per cent of support staff were over 36 years of age (see Figure FST-17). Compared with the public service as a whole, there were proportionally fewer rotational foreign service employees under 25 years of age, but a much higher number were in the 36 to 45 age bracket (42 per cent of officers and 28 per cent of support staff as opposed to 21 per cent of the overall public service population).

Years of Service: The average length of continuous government service for rotational employees was 12 years, slightly more than the average service of 9 years for the public service population (see Figure FST-18). Officers had 13 years of service compared with the average 10 years' service for support personnel. Reflecting this difference, 60 per cent of support staff had 10 years' service or less while 56 per cent of officers had over 10 years' experience.

Educational Background: This information was not readily available, but 82 per cent of those responding to the Commission questionnaire had attended a post-secondary institution. A review of a random sample of 300 rotational officers indicated that almost 60 per cent had a master's or higher level degree.

Work Experience: This information was also not readily available for all rotational employees, but 55 per cent of questionnaire respondents indicated that they had had work experience prior to joining the foreign service.

TABLE FST-15
FOREIGN SERVICE FAMILIES

	Spouses			Dependent Children		
	Canada	Abroad	Total	Canada	Abroad	Total
External Affairs	468 ⁺	646 ⁺	1114*	542 ⁺	741 ⁺	1283*
ITC	88	161	249	197	212	409
CEIC	39	111	150	89	151	240
CIDA	—	44	44	—	97	97
Single Assignments/ Secondments	—	172	172	—	162	162
Total	595	1134	1729	828	1363	2191

* Assumes one spouse for each family group and the remainder children.

+ Projected from the employee population.

Sources: DEA, ITC (TCS), CEIC Foreign Branch, CIDA and Commission survey.

TABLE FST-16
**MOTHER TONGUE OF FOREIGN
SERVICE PERSONNEL**

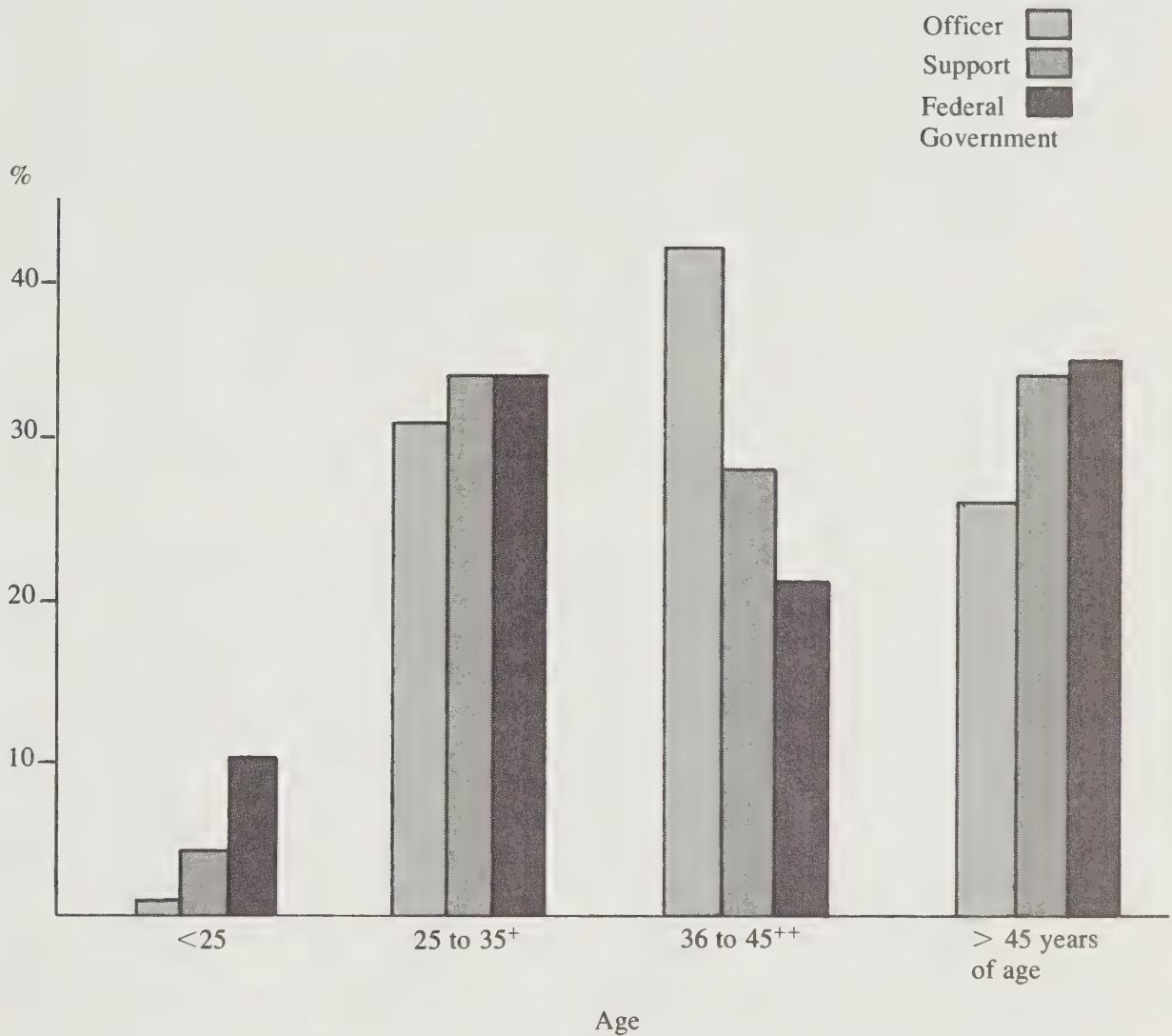
	English* (%)	French (%)
External Affairs Officers	73.6	26.4
External Affairs Support	69.9	30.1
Industry, Trade and Commerce — Officers	80.4	19.6
CEIC — Officers ⁺	83.7	16.3
CIDA — Officers ⁺	53.7	46.3
Total Rotational Personnel	73.0	27.0
1980 Public Service Population	73.2	26.8

* English includes a small percentage of employees with a third language mother tongue.

+ Included in the May 1981 consolidation.

Sources: DEA, ITC (TCS), CEIC Foreign Branch, CIDA and Public Service Commission,
Annual Report 1980.

FIGURE FST-17
DISTRIBUTION BY AGE RANGES



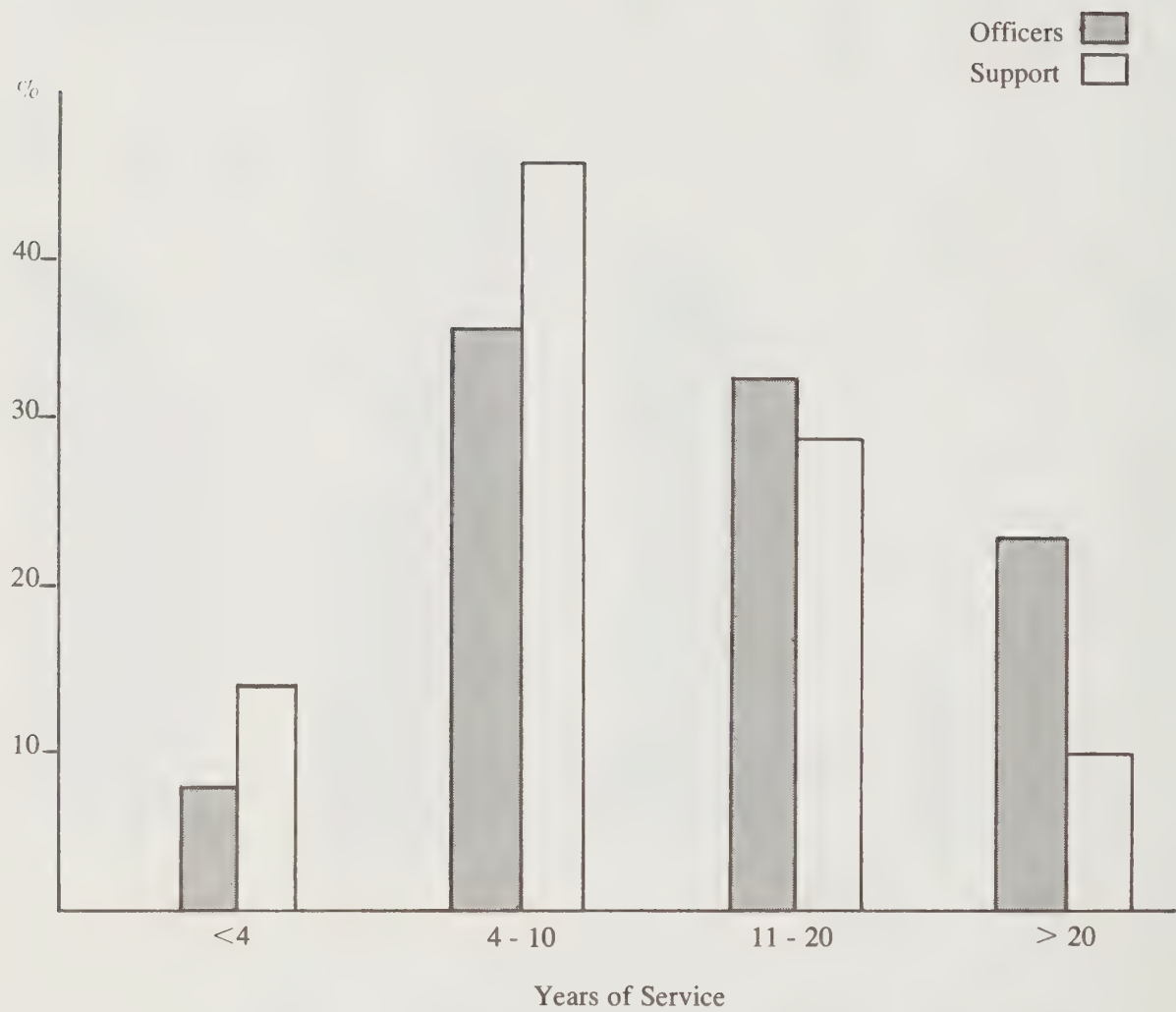
⁺ Represents 25 to 34 for PSC

⁺⁺ Represents 35 to 44 for PSC

Sources: DEA, ITC (TCS), CEIC Foreign Branch, CIDA, and Public Service Commission, Annual Report, 1980.

FIGURE FST-18

DISTRIBUTION OF PERSONNEL
BY YEARS OF SERVICE



Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

The Foreign Service: Costs

In the fiscal year 1979-80, foreign service expenditures by DEA, ITC, the CEIC Foreign Branch, and CIDA were in excess of \$285 million, by far the largest share of which (86 per cent) was budgeted to the Department of External Affairs. As shown in Table FST-19, there has been a steady increase in expenditures by foreign service departments. This is especially true for DEA whose expenditures, in constant 1980 dollars, increased by 643 per cent between 1954-55 and 1979-80, compared with increases of 188 per cent and 145 per cent for ITC and CEIC respectively. The differing rates of increase can be explained in part by the transfer of support staff to and their integration into DEA in 1971. Similarly, there has been an increase of almost 50 per cent in the number of posts and 135 per cent in the number of foreign service employees since 1955.

The DEA budget (operating and capital expenditures only) as a percentage of the overall government budget (operating and capital expenditures only) has increased slightly over the past 10 years (see Figure FST-20), with the most significant increase coming at the time of the 1971 integration of support staff. Since 1975-76, there has been a net decrease in the percentage allocated to DEA.

Using figures provided by the departments concerned, the differing distributions of expenditures are presented in Table FST-21. Salaries and allowances are the most important item, constituting over half the total budget in each case. The DEA is responsible for several items for which the other departments do not budget (e.g., building rentals and maintenance, protection, communication and all support staff salaries and allowances).

A more detailed picture of the DEA's operating expenditures over the last three fiscal years is provided in Table FST-22. When the rent share revenue (which, following the Auditor General's recommendation, goes directly to the Consolidated Revenue as of April 1980) is excluded from the totals, the increase from 1978-79 to 1979-80 was 3 per cent (the smallest annual increase in the past decade). From 1979-80 to 1980-81 it was 12 per cent. Despite these differences in growth in total costs, the overall distribution of expenditures by reporting object has not changed drastically. Compensation-related expenses constituted approximately half the total in each of the three fiscal years. The second largest expenditure category, and one that increased slightly over the 3 years, was the rental, repair and upkeep of buildings and machinery. The only other item to exceed 5 per cent of total expenditures was postage and communication.

Table FST-23 provides a different perspective on DEA expenditures. It shows that 50.4 per cent of the estimated expenditures (excluding grants and contributions) for the fiscal year 1981-82 will go toward support for the foreign programs of other government departments and agencies. Between 1973-74, the first year for which this data was available, and 1981-82, the figure has ranged between 53.1 per cent (1973-74) and 42.1 per cent (1977-78) of estimated expenditures. This percentage can be expected to increase further as a result of foreign service consolidation.

TABLE FST-19
FOREIGN SERVICE EXPENDITURES
BY DEPARTMENT AND YEAR
(in constant 1980 dollars^e)

	DEA ^a		IT&C (TCS) ^b		CEIC (Foreign Branch) ^c		CIDA (FS) ^d		TOTAL	
	\$000	% Change	\$000	% Change	\$000	% Change	\$000	% Change	\$000	% Change
1954-55	33,021		8,132		5,549		—		46,703	
1959-60	45,893	+39.0	10,572	+30.0	6,035	+8.8	—		62,499	+33.8
1964-65	76,369	+66.4	17,906	+69.4	8,399	+39.2	—		102,674	+64.3
1969-70	124,582	+63.1	26,253	+46.6	12,432	+48.0	—		163,267	+59.0
1974-75	199,541	+60.2	18,922	-27.9	11,979	-3.6	3,240		233,682	+43.1
1979-80	245,421	+23.0	23,428	+23.8	13,619	+13.7	4,231	+30.6	286,699	+22.7

Note: Totals may not add up due to rounding.

^a Figures include 1) Operating and Capital Expenditures—Canadian Interests Abroad. 2) Statutory—Employee Benefit Plan. Sources: Actual Expenditures from the *Main Estimates* 1970, 1975, 1980; and Actual Expenditures from the *Public Accounts* 1955, 1960, 1965.

^b Figures include Operating and Capital Expenditures of the Trade Commissioner Service. Sources: *Public Accounts* 1955, 1960, 1965; and TCS Headquarters 1970, 1975, 1980.

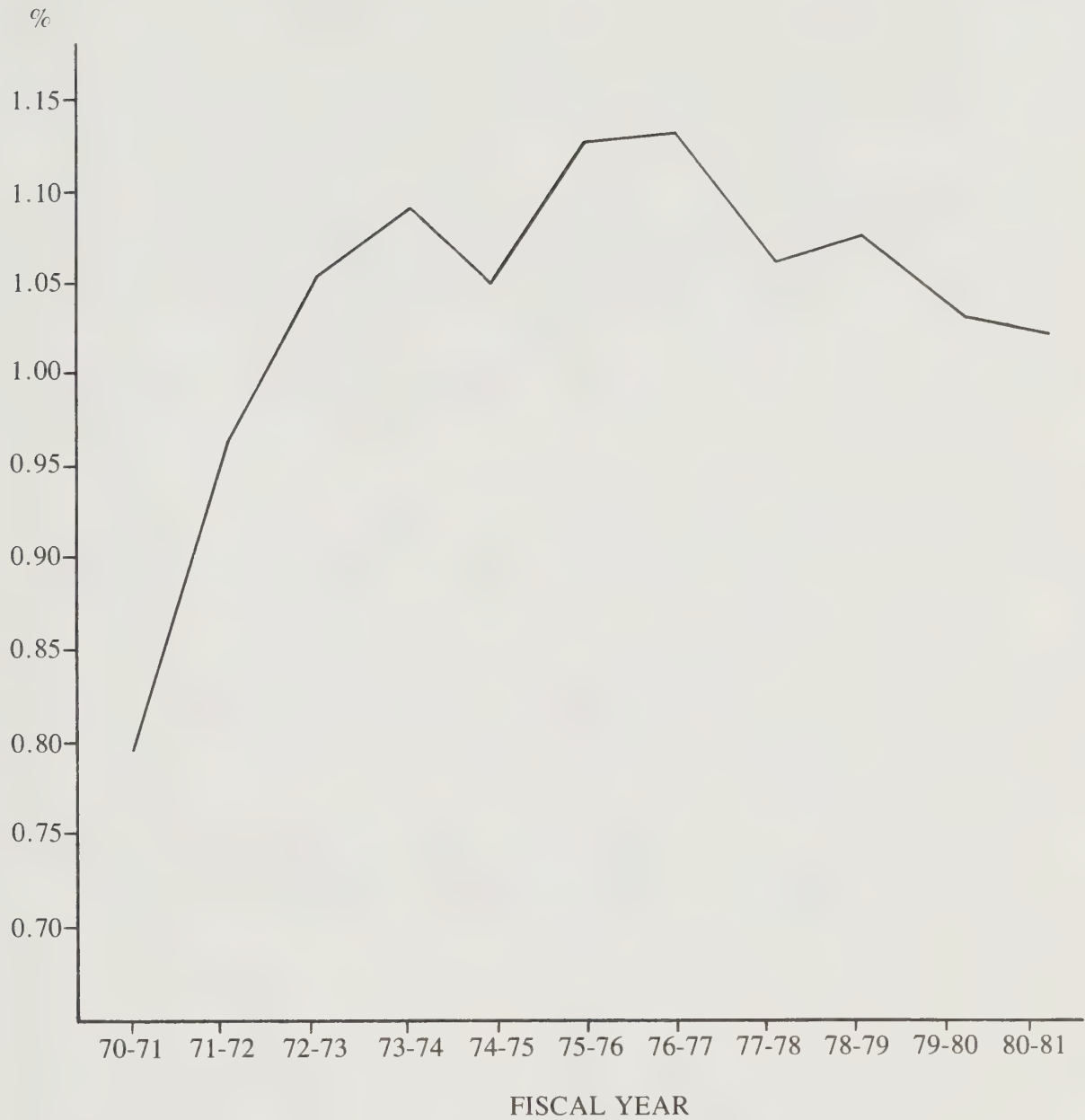
^c Figures include costs of CEIC's Foreign Branch. Sources: *Public Accounts* 1955, 1960, 1965, 1970; and CEIC Headquarters 1975, 1980.

^d Figures include costs of CIDA's foreign service operations. Although CIDA was created in 1968, figures for 1969-70 are not available.

^e The coefficients for conversion to 1980 dollars were obtained from the Bank of Canada.

FIGURE FST-20

**DEPARTMENT OF EXTERNAL AFFAIRS BUDGET
AS A PERCENTAGE OF TOTAL GOVERNMENT BUDGET**



Note: Budget figures include operating and capital expenses only (i.e., grants and contributions are excluded).

Source: *Main Estimates 1972 to 1981.*

TABLE FST-21
DISTRIBUTION OF OPERATING EXPENDITURES
BY DEPARTMENT, 1979—1980

	External Affairs		IT&C (TCS)		CEIC (Foreign Branch)		CIDA (FS)	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Salaries and Wages	89,216	41.7	13,597	59.4	8,888	65.3	1,825	43.1
Allowances	18,134	8.5	3,258	14.2	2,382	17.5	796	18.8
Rental/Repair/Upkeep of Buildings	39,888	18.6	—	—	—	—	—	—
Rental/Repair/Upkeep of Motor Vehicles	1,532	0.7	—	—	—	—	—	—
Other Rental/Repair/Upkeep	4,100	1.9	—	—	7	—	—	—
Utilities	6,585	3.1	—	—	11	0.1	—	—
Materials, Supplies, Parts, Tools	7,330	3.4	—	—	26	0.2	—	—
Protection Services	3,889	1.8	—	—	—	—	—	—
Travel	8,080	3.8	2,193	9.6	751	5.5	(1,184	28.0
Removals	9,387	4.4	1,619	7.1	1,089	8.0	(
Postage, Freight, Communication	12,939	6.0	—	—	—	—	—	—
Hospitality	4,534	2.1	1,932	8.4	219	1.6	278	6.6
Information	1,272	0.6	—	—	25	0.2	—	—
Other Expenditures	7,119	3.3	293	1.3	222	1.6	149	3.5
TOTAL EXPENDITURES	214,005	100.0	22,892	100.0	13,620	100.0	4,231	100.0

Note: Totals may not add up due to rounding.

Sources: DEA, ITC (TCS), CEIC Foreign Branch and CIDA.

Table FST-23 also shows clearly that Europe is the principal area of Canadian interest, absorbing 29.6 per cent of the estimated expenditures. It is followed closely by the Western Hemisphere which will account for 25.9 per cent.

The foreign service has not been excluded from the government's policy of budgetary restraint. However, solid information on its impact is limited. Although the departments can outline what orders they have received from the Treasury Board and can provide assurances that cuts have been made, they have not been able to specify how their programs or people have been affected as a result. Using the data that is available, a picture of some of the effects of restraint can be constructed.

As shown in Table FST-22, there were actual reductions in expenditures on the salary equalization allowance, regular travel, information, postage, freight and communication, training, hospitality and the rental of official residences and privately-leased staff quarters between 1978-79 and 1979-80. There were also reductions in expenditures on the foreign service premium, Canada-leave, temporary accommodation and information between 1979-80 and 1980-81. It is also evident that increases in many areas fell short of the rate of inflation.

Figure FST-24 examines the growth in the operating and capital expenditures of the Department of External Affairs in constant 1980 dollars. It shows clearly that, in real terms, expenditures by the DEA in 1979-80 were cut back sharply. The actual reduction was 4.5 per cent.

Further light is shed on the matter by figures in Table FST-25. In the three years for which complete data are available, capital expenditures have been reduced from the original estimate by 12 to 23 per cent without accounting for inflation.* In 1979-80, clearly the year in which the greatest impact was felt, operating expenditures were also reduced. Grants and contributions, on the other hand, suffered no reductions.

Information on budget adjustments for fiscal year 1979-80 provided by DEA shows that savings were accomplished by reducing staff (as directed by the Treasury Board), trimming the information, communications re-equipment and personal safety programs, postponing and reducing chancery moves and renovations to staff quarters, reducing the program for converting privately-leased accommodation to Crown-leased, postponing art purchases, and furnishing only the representational portion of official residences to current standards.

(text continues on page 133)

* Because a large proportion of DEA expenditures takes place abroad, changes may also reflect fluctuations in the value of the Canadian dollar.

TABLE FST-22

**DEPARTMENT OF EXTERNAL AFFAIRS
OPERATING EXPENDITURES (ACTUAL)**

Reporting (Line) Object	1978-1979		1979-1980		1980-1981	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1) Salaries and Wages	83,563	40.4	89,216	41.7	98,160	40.5
Total Canada-based	58,057	28.0	61,605	28.8	66,453	27.4
Total LES	25,506	12.3	27,611	12.9	31,707	13.1
2) Allowances and Other						
Benefits	15,787	7.6	18,134	8.5	18,102	7.5
Total FS Allowances	14,522	7.0	16,055	7.5	16,330	6.7
Other Benefits	1,265	0.6	2,079	1.0	1,772	0.7
Breakdown of FS						
Allowances:						
FS Premium	5,509	2.7	6,352	3.0	6,231	2.6
Salary Equalization	4,548	2.2	4,311	2.0	4,352	1.8
Post Differential	567	0.3	847	0.4	837	0.3
Other FS Allowances:	3,898	1.9	4,545	2.1	4,910	2.0
Provision of Recreation						
Facilities at Hardship						
Posts			—	—	2	—
Medical Examination						
(FSD 9)			21	—	26	—
Educational Allowances						
(FSD 34)			1,803	0.8	1,989	0.8
Educational Travel						
(FSD 35)			53	—	54	—
School Holiday						
Maintenance (FSD 37)			4	—	7	—
Preventive Medical						
(FSD 38)			48	—	48	—
Special Health Care						
(FSD 39)			—	—	18	—
Normal Health Care						
(FSD 40)			104	—	108	—
Medical Travel (FSD 41)			137	0.1	166	0.1
Vacation Leave Trade-off						
(FSD 45)			230	0.1	339	0.1
Canadian Leave and						
Allowances (FSD 46)			178	0.1	133	0.1
Travel on Canadian						
Leave (FSD 46)			289	0.1	203	0.1
Vacation Travel						
Assistance (FSD 50)			812	0.4	992	0.4
Family Reunion Travel						
(FSD 36 and 51)			353	0.2	399	0.2
Compassionate Travel						
(FSD 54)			63	—	104	—

TABLE FST-22 (cont'd)

Reporting (Line) Object	1978-1979		1979-1980		1980-1981	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
Foreign Language Allowance (FSD 59)			13	—	13	—
Other (FSD 60, 61, 66, etc.)			437	0.2	309	0.1
3) Travel	7,332	3.5	8,080	3.8	8,441	3.5
Regular	3,817	1.8	1,905	0.9	4,895	2.0
Post	833	0.4	939	0.4	—	—
Training	—	—	—	—	57	—
Courier Services	1,433	0.7	1,594	0.7	— ¹	—
Other	1,249	0.6	3,642	1.7	3,489	1.4
4) Removals	8,599	4.1	9,387	4.4	9,788	4.0
Travel Related	7,029 ²	3.4	1,834	0.9	1,586	0.6
Family Separation Allowance	—	—	—	—	8	—
Transporting Effects	—	—	4,881	2.3	5,144	2.1
Vehicles	—	—	416	0.2	483	0.2
Living/Temporary Accommodation	462	0.2	1,208	0.6	1,134	0.5
Storage	—	—	508	0.2	555	0.2
Compensation for Loss/Damage	1,108	0.5	—	—	127	—
Other	—	—	540	0.2	751	0.3
5) Information	1,859	0.9	1,272	0.6	514	0.2
6) Postage, Freight, Communication	17,982	8.7	12,939	6.0	15,751	6.5
7) Professional and Special Services	8,389	4.0	6,685	3.1	7,796	3.2
Training related	845	0.4	564	0.3	602	0.2
Other	7,544	3.6	6,121	2.9	7,194	3.0
Breakdown of Training						
Official Language	338	0.2	176	0.1	185	0.1
Foreign Language	238	0.1	256	0.1	276	0.1
Management Training	94	—	37	—	40	—
Technical Training	56	—	14	—	16	—
Professional Training	—	—	9	—	9	—
General	119	0.1	72	—	76	—
8) Protection Services	3,318	1.6	3,889	1.8	5,182	2.1
Representatives in Canada	1,628	0.8	2,080	1.0	2,874	1.2
Abroad	1,118	0.5	1,300	0.6	1,795	0.7
Headquarters and Miscellaneous	572	0.3	509	0.2	513	0.2

TABLE FST-22 (cont'd)

Reporting (Line) Object	1978-1979		1979-1980		1980-1981	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
9) Hospitality	4,702	2.3	4,534	2.1	5,685	2.3
FS related	3,960	1.9	3,869	1.8	4,669	1.9
HQ related	742	0.4	665	0.3	1,016	0.4
10) Buildings and Machinery	46,604 ³	22.5	50,573 ⁴	23.6	58,729 ⁵	24.2
Rentals:						
Chanceries	9,397	4.5	10,835	5.1	11,505	4.7
Official Residences	2,216 ³	1.1	1,507	0.7	1,952	0.8
Crown-leased SQ	13,523 ³	6.5	15,119	7.1	18,157	7.5
Private-leased SQ	6,427 ³	3.1	5,148	2.4	5,592	2.3
Other	1,506	0.7	1,898	0.9	2,522	1.0
Repairs/Upkeep:						
Chanceries	2,290	1.1	3,488	1.6	4,307	1.8
Official Residences	—	—	937	0.4	1,474	0.6
Staff Accommodation	2,078	1.0	2,854	1.3	3,078	1.3
Other	3,950	1.9	2,202	1.0	1,921	0.8
Utilities	5,217	2.5	6,585	3.1	8,221	3.4
11) Motor Vehicles	1,325	0.6	1,532	0.7	1,741	0.7
Rental	91	—	122	0.1	96	—
Repair	1,015	0.5	398	0.2	431	0.2
Parts and fuel	—	—	825	0.4	1,098	0.4
Insurance	219	0.1	187	0.1	116	—
12) Other Expenditures	7,544	3.6	7,764	3.6	12,689	5.2
Materials and Supplies	6,246	3.0	6,937	3.2	8,715	3.6
Parts and tools	—	—	393	0.2	448	0.2
Honourary Consuls	78	—	140	0.1	181	0.1
Other	1,220	0.6	294	0.2	3,345	1.4
GRAND TOTAL	207,400		214,005		242,578	

¹ Entered under Postage/Communication beginning in 1980-81.

² Includes transporting effects.

³ The shelter share revenue is not included. The actual amount is not available but, on the recommendation of the DEA, it was assumed to be \$4.7 million. The figures have therefore been adjusted to remove this revenue proportionately from the cost of official residences, crown-leased staff quarters and private-leased quarters.

⁴ The shelter share revenue (\$4,735,000) is not included. No adjustment was necessary as figures for 1979-80 treat shelter share revenue as a separate entry.

⁵ The shelter share revenue is not included. Beginning in 1980-81, shelter share revenue accrued directly to the Consolidated Revenue Account.

Note: Percentage totals may not add up due to rounding. Amounts less than 0.1 per cent are not shown.

Source: Department of External Affairs.

TABLE FST-23
DEPARTMENT OF EXTERNAL AFFAIRS ESTIMATED EXPENDITURES
BY ACTIVITY AND REGION, 1981-82

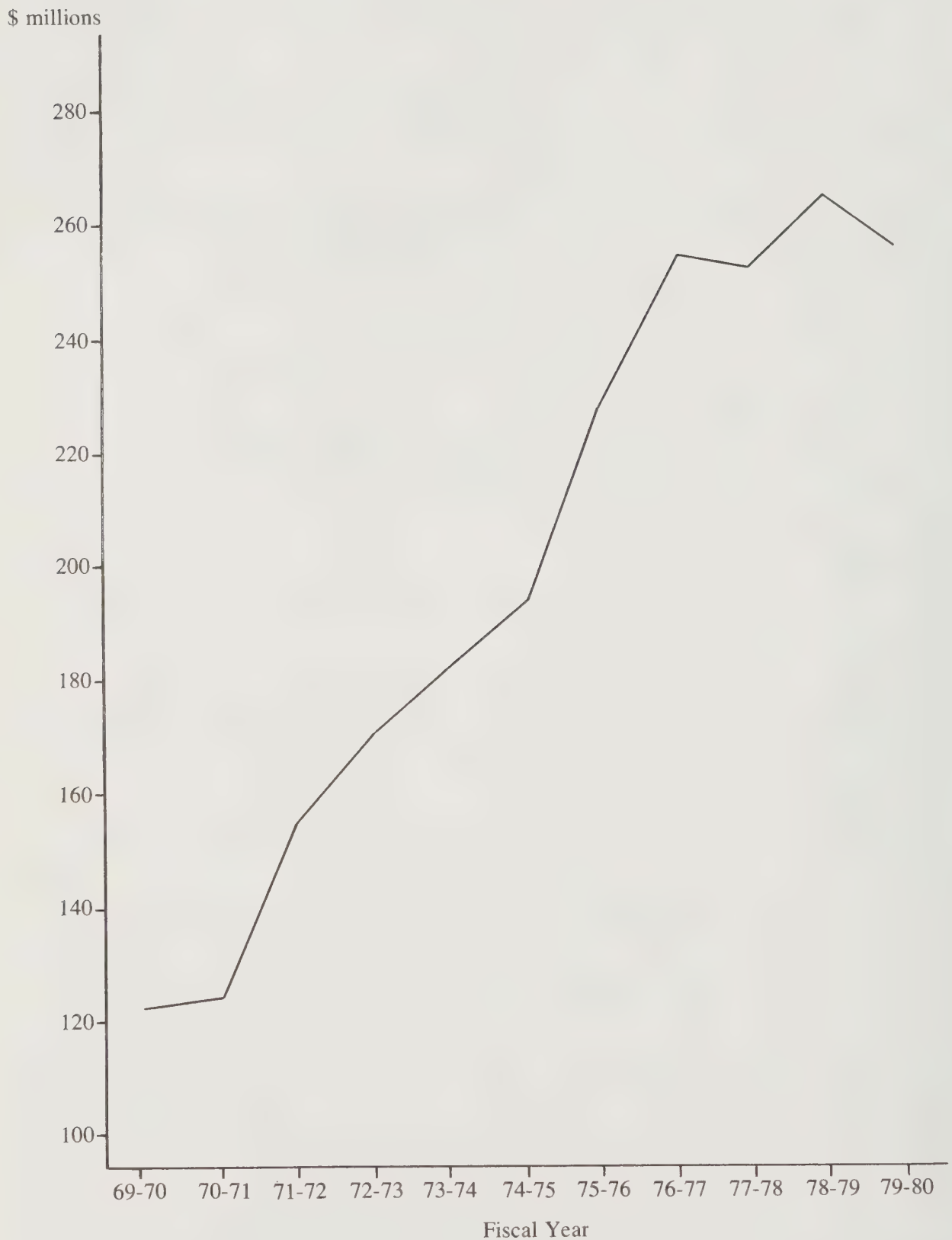
Regions	Activities							
	Relations with Foreign Governments and Intergovernmental Institutions	Assistance to Canadians	Information Activities and Cultural Relations	Assistance to Other Programs	Total			
	\$000	%	\$000	%	\$000	%	\$000	%
Asia and Pacific	12,301	27.8	1,682	3.8	2,869	6.5	27,333	61.9
Europe	23,835	27.3	4,753	5.4	9,273	10.6	49,556	56.7
Africa and Middle East	11,507	31.4	2,290	6.3	1,964	5.4	20,842	56.9
Western Hemisphere	19,063	24.9	4,327	5.7	7,461	9.7	45,740	59.7
Permanent Missions and Delegations	7,161*	40.6	82	0.5	6,183	35.1	4,192	23.8
Headquarters Functional Support	18,403	55.2	1,184	3.6	12,371	37.1	1,371	4.1
							33,329	100.0
Total	92,270*	31.2	14,318	4.8	40,121	13.6	149,034	50.4
							295,743*	100.0

* Does not include grants, contributions and assessments of \$11,141,000.
Source: *Main Estimates*, 1980-81

FIGURE FST-24

**DEPARTMENT OF EXTERNAL AFFAIRS
APPROVED ESTIMATES (OPERATING AND CAPITAL ONLY)**

(in constant 1980 dollars)



Source: Main Estimates 1970-71 to 1980-81.

TABLE FST-25

DEPARTMENT OF EXTERNAL AFFAIRS ESTIMATES
AND EXPENDITURES

Year	Program	Estimate*	Expenditure**	Change	
1977-78	Operating	171,154	172,622	+1,468	+0.9
	Capital	32,165	28,267	-3,898	-12.1
	Grants & Contrib.	53,678	60,529	+6,851	+12.8
1978-79	Operating	194,068	202,269	+8,201	+4.2
	Capital	33,503	25,827	-7,676	-22.9
	Grants & Contrib.	61,539	72,017	+10,478	+17.0
1979-80	Operating	213,513	209,270	-4,243	-2.0
	Capital	34,449	29,510	-4,939	-14.3
	Grants & Contrib.	83,627	84,658	+1,031	+1.2
1980-81	Operating	244,365	—	—	—
	Capital	34,997	—	—	—
	Grants & Contrib.	96,321	—	—	—
1981-82	Operating	286,520	—	—	—
	Capital	42,986	—	—	—
	Grants & Contrib.	111,141	—	—	—

* The figures in this column are the original estimates of expenditures published in the *Main Estimates* for the year in question.

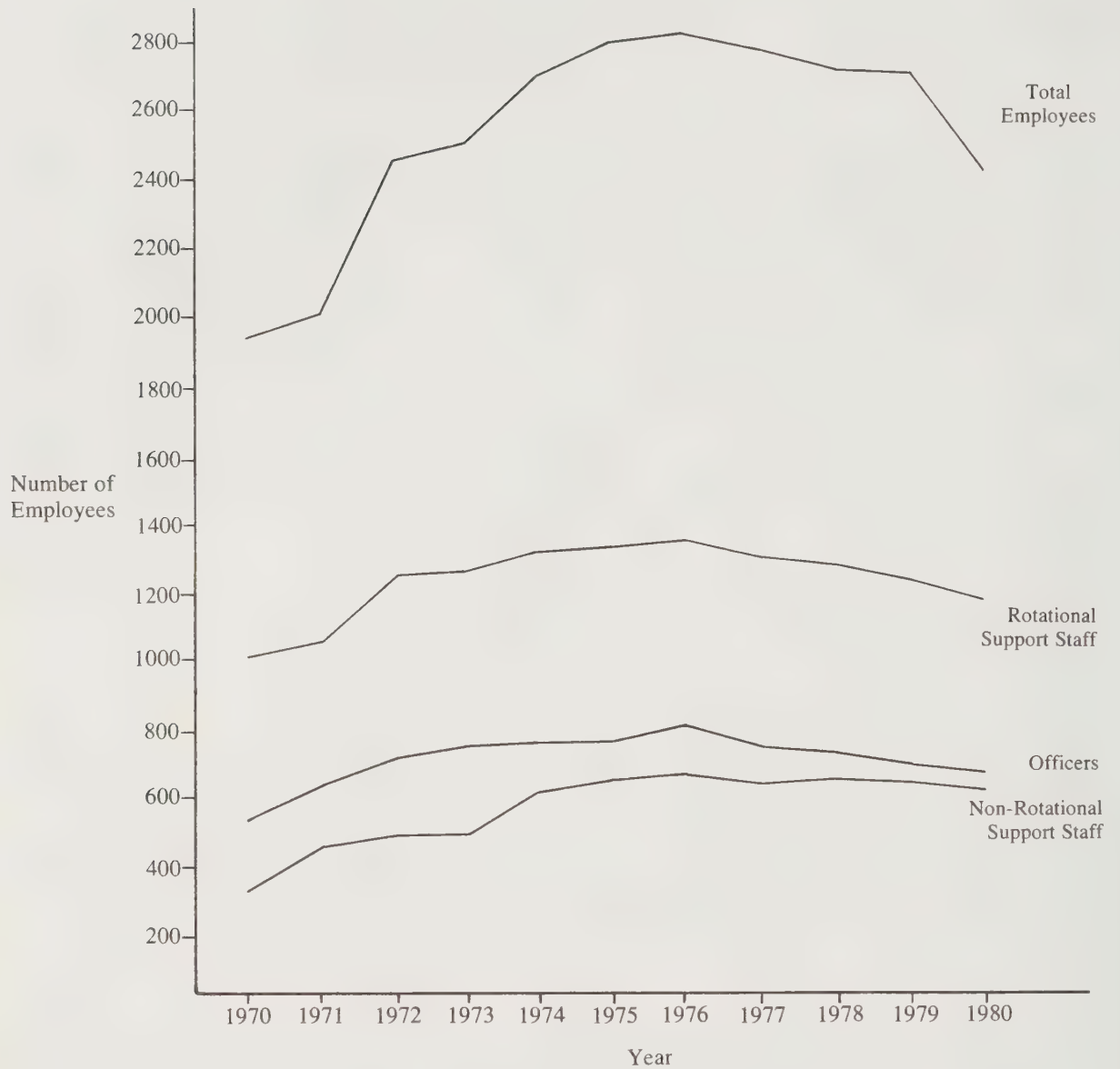
** The figures in this column are the actual expenditures published in the *Main Estimates* two years after the original estimates were made.

Source: *Main Estimates*, for the fiscal years ending March 31, 1978, 1979, 1980, 1981 and 1982.

The impact of restraint can also be seen in terms of manpower reductions. Figure FST-26 shows reductions in the total number of foreign service employees since 1976, and particularly after 1978. While the number of foreign service officers increased by 2 per cent between 1975 and 1980 (see Table FST-7), the number of administrative support employees fell by 10 per cent. Considering only DEA personnel, the number of officers abroad decreased by 4 per cent between 1975 and 1980 while the number in Ottawa rose by 8.5 per cent. On the other hand, two-thirds of the support staff reductions were at headquarters. It should, however, be noted that technological advances in communications, word processing and computerization have enabled the DEA to reduce the number of support positions.

FIGURE FST-26

DEPARTMENT OF EXTERNAL AFFAIRS
ON-STRENGTH MANPOWER



Source: Department of External Affairs.

Since 1975, the foreign service workload and resource requirements have not declined — the number of posts maintained abroad has actually increased by 1 and international inflation has been more serious than in Canada. Despite these factors, the foreign service is expected to carry out its programs with fewer employees, a reduced share of total government expenditures, and severely limited if not reduced (in real terms) resources. The austerity measures that have been implemented for the most part appear to have affected employees rather than programs. Positions have been eliminated, support staff reduced, accommodation not renovated or upgraded to Crown-lease, chanceries not moved, and training limited, to mention some of the impacts. The net effect of austerity therefore appears to be a smaller staff whose working and living conditions are not improved but who are expected to deliver the same level of services.

THE FOREIGN SERVICE ENVIRONMENT

A Definition

The foreign service environment is made up of all the non-job related conditions that affect the lives of members of the foreign service community — employees and their families — and includes all the elements that determine the nature of life in the foreign service. The Order in Council setting out the mandate of the Commission asks the Commissioner to consider whether changes should be made in the government's approach to the management of the foreign service, in part to reflect "changes in . . . the conditions and circumstances under which members of the foreign service and their families choose to live in Canada and under which they must live while abroad" and "the changes which have occurred in social and individual values".

Some of the characteristics of life in the foreign service were set out by the Prime Minister in his letter to the Commissioner. He referred to "the difference between life in a stable, prosperous society such as ours here at home and a great many of the places in which members of the foreign service must live today" and to "the climate of violence which prevails in far too many places, the aspirations of women in Canadian society, the growing recognition of the need to provide full equality for both partners in Canadian marriages and how foreign service can stand in the way of this, and the pressures of foreign service on family life and the disruptions to that life which such service can cause and which fewer Canadians are willing to accept".

We have found that these statements identify part of the problem, but they do not tell the whole story. The chief characteristic of the foreign service lifestyle* is change — any commentary on the foreign service is likely to be peppered with words such as rotationality, mobility, adjustment, transition. Life in the foreign service is a life where the only constant is change; it involves

* In this paper, the term 'lifestyle' is intended to encompass the essential features of the environmental conditions under which people live and work in the foreign service.

continual adjustment and re-adjustment by both individuals and families; it is a state of being permanently 'in transition'. Often the only predictable thing about the change is that its direction is unpredictable — and not usually subject to the free choice of the individuals concerned.

It is a way of life in which reality often compares unfavourably with image. Seen from the outside, foreign service is a life of luxury at the taxpayer's expense, a life of houses, locales and climates that are only a dream for most Canadians. What the image portrays, however, is only the official residence — in which ambassadors and other heads of posts camp for two or three years while strangers occupy the homes they had chosen for themselves back in Canada. It does not convey a picture of the small apartments and inadequate housing in which far too many foreign service employees have to live while abroad. It does not portray the frequent power cuts, the water that flows irregularly — and can't be drunk in any case — and it does not take into account "the lepers on the street, the beggars at the gate, the cobras in the garden, the vipers in the bathroom, and the cockroaches in the kitchen!"*

People see the foreign service as a comfortable life surrounded by servants without considering that members of the foreign service are like most Canadians who do not want strangers living in their homes. They do not consider the difficulties entailed in ordinary tasks like running a household and doing the marketing without the assistance of someone who knows the language and is familiar with local sources and products. They do not think of the need to have someone constantly with children because there are very few places left in the world that offer the safety and security of a quiet Canadian neighbourhood.

The military career both in its professional and private aspects is in some ways similar to foreign service life. The military, however, have a strongly established and active administrative support system to ease the difficulties of rotationality and of life abroad. Military postings tend to be to relatively well established posts where most of the necessary infrastructure is in place, provided either directly by the Crown or by members of the military itself through a longstanding pattern of non-public funding of basic overall needs. The size of the military establishment has made it easier to develop the self-help programs and the pattern of member contributions that provide amenities that can make all the difference between comfort and discomfort.

The foreign service lifestyle can also be compared with that of the RCMP, but members of that force rotate primarily within Canada. There are also similarities with the domestic public service, which works in locations scattered across the country, but those who work in the various locations are usually able to make their permanent homes there. In general terms, the Canadian labour force is highly mobile, especially in certain trades and professions, yet few, if any, require commitment to the all-encompassing demands of rotationality characteristic of a career foreign service. Foreign service employees (and their families) usually spend more than half their careers overseas, in alien cultures, with few of the benefits of community and Canadian society that most Canadians take for granted.

Just as change is a way of life in the foreign service, so the foreign service environment is subject to change. Socio-cultural and economic changes, par-

* Comments by one head of post on his official residence.

ticularly in Canada but also abroad, are making it more difficult for employees and their families to accept or adjust to the foreign service lifestyle. As the lifestyle becomes more problematic and unacceptable, morale problems are likely to increase. This evolution is the subject of the next section.

The Evolution of the Foreign Service Environment

The foreign service has gone downhill since we entered it 20 years ago. The challenge is gone and there just is not the same satisfaction, we weren't demoralized then . . . we believed in what we were doing, we were abroad to be representing our country. We were ready to do what was asked, to go where we were sent . . . without regret because it wasn't just our husbands' careers but our own too. It made family problems more difficult, but also drew us together; we belonged to a community and had a real sense of identity.
(*submission from a foreign service spouse*)

These were the positive aspects of life in the foreign service in the fifties and sixties. This is not to say that, compared with foreign service life today, environmental conditions were easier, less frustrating or less demanding. It does appear, however, that *coping with* and *accepting* the foreign service lifestyle were definitely less of a problem, probably for the reasons mentioned in the excerpt — the sense of mission, wives who felt they were partners in a 'joint' career, close family unity.

Today, the conditions under which people in the foreign service must live have changed radically. The size of the foreign service and the number of missions abroad have increased markedly over the last 20 years. The complexity of government operations today as well as the constantly changing and often threatening international environment — worldwide inflation, the emerging demands of third world countries, international terrorism — have served to modify the conditions that affect foreign service employees and their families.

One of the consequences of the growth of the foreign service and the bureaucratization that has accompanied it is that members of the Service report that they often feel uninvolved and unconsulted in decisions affecting their lives. They often feel "out of touch", "ignored" and even "denigrated". As T.A. Keenleyside points out in his 1976 article, "Career Attitudes of Canadian Foreign Service Officers", "the 'atmosphere of a club' which once surrounded the Department of External Affairs and 'gave it the air of a family' has waned".

The sense that foreign service employees have less and less control over their lives is reflected in several ways — the choice of where to live, what recreation facilities to use, what furniture to select and what repairman to call has in many cases been removed from the employee. Many of these changes can help to reduce settling-in time at a post, but any development that tends to reduce an individual's range of choices is bound to have negative effects as well. These arrangements should, therefore, be tailored in such a way as to balance the positive and negative effects on those concerned.

Another development affecting the foreign service lifestyle is the increasing use of compounds — that is, self-contained, multiple-unit dwellings — to

house Canadians at certain hardship locations. Some of these provide more than adequate accommodation for some staff members and also solve the problem of ensuring that decent recreational facilities are available. On the negative side, however, they can also tend to emphasize hierarchical differences when accommodation of different grades is assigned according to the diplomatic or non-diplomatic rank of the employees concerned. And, they can foster a ghetto mentality by isolating the Canadian community from the local environment. Employees seem either to love compound living or to hate it. Our view is that even where conditions dictate this solution to the accommodation problem, some provision should be made for a percentage of staff to live outside the compound if they so desire.

Deteriorating conditions overseas have also contributed to a less and less enviable lifestyle. One of the main motivations for joining the foreign service is to savour new surroundings and explore new places, but today, the ability to travel outside the city of posting is restricted at many posts. Many who set off for an 'exotic' foreign locale soon come to realize that some of the golden posts of the past have turned into urban nightmares. Over-population and increased affluence have created immense congestion; cities that used to function are now plagued by overloaded public utilities and crumbling infrastructures. Increased crime and terrorism have necessitated more caution in everyday life, further restricting mobility. G. Clarke's article, "The Changing Role of the Canadian Diplomat" makes reference to A.E. Gotlieb's views on this aspect of foreign service life: "He [Gotlieb] sees ahead, in the 1980s and 1990s an even greater diffusion of power, a greater tolerance of conflict, and therefore a greater danger to diplomats."

In any city, housing, recreational facilities, services, and places in international schools are limited. The growth of the expatriate community at most posts (not only diplomatic personnel but also employees of international organizations, large corporations and so on) has created stiff competition for these goods and services. The Canadian foreign service, with a declining dollar and austerity at home, is far less able than it was to get its share.

Of all the social changes that have affected life in the foreign service, the women's movement has had the strongest impact. Many of the traditional approaches to foreign service described at the opening of this paper were established and maintained by foreign service spouses. Today, most overseas communities of Canadians reflect the new reality in Canadian society in general. They are made up of spouses with diverse expectations, needs, desires — some want to work, others want a career and still others prefer a more traditional role and want to be recognized for their part in representing Canada abroad. Given this situation, life in the foreign service can often give rise to conflictual and divisive, rather than supportive and unified, family relationships.

In addition to deteriorating conditions and the special problems of spouses overseas, there are other reasons, both economic and social, for not committing oneself to a life-long rotational foreign service career. In a paper prepared for the Royal Commission, former Ambassador Arthur Andrew makes the following observation:

In the matter of non-financial rewards, there was a time not long ago when life was much easier for a Foreign Service person in

many foreign capitals than it was for the Public Servant in Ottawa. Being able to go abroad was itself an inducement to join the Foreign Service. Today Ottawa is, arguably, the most livable capital in the world in terms of material needs and it is by no means without its non-material attractions. The adjustments required when going abroad are now usually downward adjustments in terms of living standards and often very substantially so.

The Effect of the Foreign Service Lifestyle on Employees and Families

Our assessment of the foreign service lifestyle and of its impact on employees and families is based on interviews, personal submissions, questionnaires, various Commission research reports, other research studies (such as the Foreign Service Community Association (FSCA) Mobility Study) and departmental submissions to the Commission.

Our data indicate that the foreign service experience is perceived to be very rewarding and personally enriching in many respects. Socio-cultural benefits account for a large portion of these positive perceptions. Opportunities to travel, meet new people, learn different languages and explore other cultures continue to be exciting and attractive aspects of foreign service life. On the negative side, spouses responding to the questionnaire mentioned “family considerations” most frequently in ranking reasons for leaving the foreign service. Employees mentioned “family considerations” second (after “career considerations”) among the reasons they might consider leaving the Service. Recognition of the role of the spouse, employment opportunities for spouses and the education of children are also critical issues raised by both spouses and employees in identifying the negative elements of life in the foreign service.

Although not as prominent as those just mentioned, concerns about health, accommodation, security and recreation are also significant. Moreover, the importance of these concerns to the foreign service community varies directly with the level of hardship at the post — and 50 per cent of our missions are located at hardship posts.

When we interviewed people who had recently (within the past five years) resigned from the foreign service, we asked them to state their reasons for resignation. Although job-related reasons were mentioned most frequently, one out of every two cited environmental reasons. More specifically, they identified the demanding nature of rotationality, family stresses and the lack of employment opportunities for spouses as reasons clearly influencing their decisions to resign from the foreign service.

In his study of foreign service officers, T.A. Keenleyside asked officers what they regarded as the main disadvantages of a career in the foreign service and he concluded:

The ‘social disruptions’ of diplomatic life (the effect of frequent changes in postings on relationships with family and friends) far outstripped other drawbacks with 22.5 per cent of respondents according first priority to this factor (48.5 per cent total mentions).

In short, Keenleyside found that the problematic and disruptive nature of the rotational lifestyle was the major source of dissatisfaction with foreign service careers.

In the FSCA study, the five most frequently mentioned sources of dissatisfaction with foreign service life were the following:

1. Losing contact with friends
2. Health problems
3. Lack of career opportunities for spouses
4. Separation from family
5. Emphasis on hierarchy and job categories

The issue ranked first, “losing contact with friends”, is similar to Keenleyside’s ‘social disruptions’ and to the ‘feelings of rootlessness’ constantly referred to in our own interview and questionnaire data.

Foreign service personnel also believe that their lives overseas are more stressful than life back in Canada (70 per cent of employees and 65 per cent of spouses find life at post more stressful than life in Ottawa; 80 per cent of employees and 72 per cent of spouses consider life for families at post to be more stressful).

Given the different emphasis that employees and spouses attach to various environmental aspects of foreign service life, we will now take a more detailed look at how the environment affects the different members of the foreign service community.

Effects on Employees

In assessing the effect of foreign service life on employees, we compare and contrast the perceptions of officers, administrative support staff, single employees and foreign service career couples.

Foreign Service Officers: Foreign service officers tend to consider the socio-cultural aspects of the foreign service lifestyle a major source of satisfaction, giving slight preference to these benefits over job-related factors. The questionnaire data also show that the less experienced FSO derives the most pleasure from these benefits. Nevertheless, cultural adaptation, the demands of rotationality and isolation remain at the root of environmental problems for officers. These problems are especially acute for the single FSO and the female FSO. Officers with more years of service tend to encounter frustrations when, with their careers well-established, they have to face problems related to isolation from home and family, the education of children, the spouse’s career aspirations and insufficient private time while on post.

Nevertheless, we found that among officers, environmental or lifestyle issues are secondary to career and job considerations as sources of dissatisfaction. This is markedly different from what Keenleyside discovered five years ago when officers cited environmental issues as greater sources of dissatisfaction than job-related issues.

Administrative Support Staff: Members of the administrative support staff also place great emphasis on the benefits of a rotational lifestyle as the primary

source of satisfaction in a foreign service career. Job-related rewards receive considerably less attention. In the section of the questionnaire asking respondents to rank order reasons for joining the foreign service, members of the administrative support group most frequently indicated travel opportunities.

The caste system is probably the most visible aspect of the foreign service environment. The issue of 'diplomatic/non-diplomatic' status was raised in 47 per cent of the submissions from support staff and an analysis of questionnaire responses confirms that this issue is the primary source of dissatisfaction for support staff. Moreover, support staff raised this issue in the great majority of interviews and group discussions. This is an overriding issue for these employees — and their concern is understandable given the contrast between their lives in Ottawa and abroad.

In Ottawa they are free to live as they choose. Once they arrive at foreign postings, however, support staff face what they see as inequitable treatment. They and their families often do not have access to the same recreational facilities as officers and they may not have a choice of where to live. Their standard of living relative to that of officers will often be lower than how they might choose to live in Ottawa. Their import privileges are more restricted than those of officers and they may be dependent on the goodwill of officers to purchase any duty-free goods. As well, support staff usually have less access to language training — a need that the vast majority of the foreign service community considers vital to living and working effectively overseas. The situation of support staff was illustrated by one support employee in a submission to the Commission:

Furnishing for support staff is a case of "hand me down" from officers, "old furniture" or, in certain cases, the cheapest on the market. (Case one: new furniture scheme arrived from Ottawa for quote staff quarter x unquote, which happened to be support staff, but was allocated to a new arriving officer who didn't like his furnishings. The officer's furnishing scheme was transferred to the staff quarter.)

Accommodation, and particularly its assignment, is a major source of dissatisfaction for support personnel. They argue that even taking account of officers' representational duties, the housing distribution system is unjust in that an unmarried officer can be allocated a house or apartment that is larger than one given a support employee with several dependents. That the officer, because he has no dependents, pays a lower rent share is a further injustice. The last straw, according to many support personnel, is the tendency of some post administrations to see to the accommodation needs — furnishings, services, repairs — of officers before tending to the housing problems of support staff.

For support staff (and for officers of certain other departments), the two-passport system ('diplomatic' passports mainly for foreign service officers and 'official' passports for others) symbolizes the two-class system in the foreign service. They feel that it reinforces the distinctions that already exist between them and the officers, that it has serious effects on morale and that it substantially diminishes the spirit of co-operation at a post. Although many officers recognize — and are uncomfortable with — the situation, it is so

ingrained in the system that institutional attitudes will have to change if the issue is to be resolved. It is not a problem that individuals can solve on their own.

In short, support staff simply do not want to be treated any differently than they are treated in Canada. The existence of two categories of employees overseas — diplomats and others — gives rise to complaints about discrimination, different or preferential treatment for one group, snobbishness, artificial class barriers and the unfair division of benefits and allowances.

Single Employees: Although the problems associated with rotationality are common to most employees, single employees, both male and female, often find the problems particularly difficult. Employees without the emotional support of a family environment, particularly those who have had several postings, may experience greater feelings of isolation and may have more qualms about uprooting and starting all over again in a new place; they may have more difficulty settling in at post because there is no one to share the many tasks involved. Far more serious, however, is the feeling that the implementation of measures to alleviate the problems faced by foreign service families may tend to ignore the needs of the single employee:

From a single person's perspective, foreign service life often seems to favour a family. Single persons all know married foreign service employees who have negotiated with personnel for a particular post, for a change in post, for housing guarantees using as arguments: "My spouse can't work in X", "Education standards at Y are not comparable with Ottawa and I refuse to be separated from my young children", "We're going to have another child and health facilities at Z are inadequate". I personally have endured an argument with Personnel Section when I was informed that my two weeks' planned leave with my parents, residents of B.C., before departure for post should be shortened because as a single person I did not need to spend more than a week with my family. (*submission from a single support employee*)

Single employees also express concern that they are often viewed by management as being more 'portable' than married employees. Consequently, they sometimes feel they are in an unfair position when it comes to filling gaps in hardship posts:

Another problem, and admittedly not one amenable to simple solutions, for single officers, is the perceived scarcity of suitably 'portable' potential spouses. Despite changing attitudes about gender roles in the workplace, this problem may be particularly acute for single women officers and accordingly may be a particular deterrent against their accepting or continuing a position in the foreign service.

The problems of single parents in the foreign service are also unique and need recognition. Because they are not considered a 'family', they are ineligible for many benefits that accrue to families in the foreign service. Among the sources of frustration, one single parent mentioned the following:

Family reunion travel presents a particular difficulty as a foreign service employee who has custody of children is not eligible for family reunion expenses. Whereas, if the situation were reversed and the non-foreign service parent has custody, family reunion expenses would be covered.

The Foreign Service Employee Couple: This is a relatively new but continuing trend. The Department of External Affairs uses the term 'dual career' couple; there are currently 55 such couples in the foreign service. When both partners are rotational employees, finding two openings in the same city may be difficult. Other problems may also arise, including the potential for conflict in the office environment and accusations that career couples are given preferential treatment in the posting exercise. However, preferential treatment is probably necessary if the foreign service is to continue to enjoy the benefits that employee couples can bring to the Service. Employees themselves feel that this is a positive trend and that employee couples should be encouraged to remain in the foreign service. They argue that the basic right of the foreign service employee couple to serve together whenever possible should be recognized and that the difficulties of finding simultaneous postings should not be exaggerated.

Effects on Spouses

Just as the socio-cultural aspects of life in the foreign service are considered a major benefit by employees, over 90 per cent of their spouses cited the same factors as principal sources of satisfaction. But environment is also unrivalled as a major source of *dissatisfaction* among spouses.

Feelings of isolation from Canada, from family and friends, difficulties in adjusting to life abroad — all contribute to making *adjustment to the foreign environment* the most frequently mentioned area of dissatisfaction in responses to our questionnaire. For both officer spouses and support staff spouses, this problem clearly increases with age and length of service. It would appear the wandering life loses its charm as one grows older.

The absence of career opportunities was the second most frequently mentioned area of dissatisfaction. Based on questionnaire responses, this problem seems more acute for officer wives than for support wives. The issue also shows up in a very high proportion (85 per cent) of the submissions received from spouses and was also a concern raised frequently by married officers in the course of our interviews. Spouses who give up Canadian jobs to accompany their partners overseas are not compensated and many believe that the foreign service benefits package is not generous enough to make up for the loss of a couple's second income. Given that an increasing number of couples consider the second income an integral and essential part of the family budget, this situation is likely to present even greater challenges to the viability of a rotational foreign service in the future.

The Commission conducted a survey on the effects of foreign service on spouses' employment. We asked each of our 119 posts to indicate how many spouses or companions were with employees on posting, what their employment status had been in Canada immediately prior to going abroad and the nature of

their present employment status. We discovered that although 50.5 per cent had been employed in Canada, only half as many, 25.3 per cent, were employed abroad.

Although employment opportunities are important, they are not the only source of frustration for spouses. The Foreign Service Community Association study makes a useful point in this regard:

‘[W]orking’ is only one solution for the general ‘wife’ problem — [which is] lack of recognition of what she does on the posting and fear of the future because of her increased dependency as a result of her mobile life in the Foreign Service. These two features are at the core of the general ‘wife’ malaise that is causing such concern throughout the western world.

Moving from a relatively egalitarian Canadian society to the protocol and status-oriented foreign service milieu, where spouses are inextricably tied to their mates’ positions in the hierarchy, is very hard on support staff wives, although younger officers’ wives also find this situation difficult. Often the most difficult adjustment to foreign service life is adapting to being a ‘part’ of the Canadian mission. The problem is further complicated by the omnipresence of the government in the private lives of the foreign service families. The government is not only the employer but also the landlord, provider of furnishings and maintenance, and, in some cases, car rental agent, banker and post office.

In sum, dependency on the mission for day-to-day needs can be so overwhelming as to create a sense of loss of personal freedom and decision-making power. More importantly, spouses, being non-employees, are not only unrecognized as an integral part of the foreign service but they are not even consulted on decisions affecting their daily lives.

For the spouse of a head of post who spends many hours ‘on the job’ without any acknowledgment that the job exists or any recognition of her special contribution in representing Canada abroad, the situation can be particularly frustrating. A spouse can establish contacts that are often invaluable to the head of post. She also runs a household that in many capitals is reminiscent of a hotel and represents a significant annual investment of public funds in goods and services. It is difficult for the head of post spouse to reject this traditional role, and official duties leave little time for employment or career development. Further, the HOP spouse is increasingly ‘on her own’ today as fewer Canadian spouses at the mission demonstrate much willingness to help her carry out the traditional functions of the Canadian hostess abroad.

Clearly, the problems confronting spouses in the foreign service are as many and varied as the individuals who make up the community:

Of course, the changing role of women in Canada is a large factor, but not all women are determined to pursue a career before all else. Many wives are ready to accept the FS role if they are treated as contributing members of a team who also practise a profession, not as adjuncts to their husbands with “no responsibility”. (*submission from a spouse*)

None of this will make it possible for most spouses to pursue their career abroad as easily as they do at home. Couples who cannot accept this reality have no business in the Foreign Service, an essential part of which is service abroad. (*submission from a foreign service officer*)

Regardless of the government's view or the way each couple adjusts to the demands made on them by diplomacy, or the wife's view of herself as a private person, in foreign countries, diplomats are seen as public persons and by extension their wives are too. (*The Ottawa Citizen, 26 June 1981*)

The revolution is incomplete. Liberation is seen by some as a case of rank hypocrisy. We are told that we are free to do our own thing, some wives are saying, but in fact the position of our husbands often obliges us to do without recognition what we did with at least some recognition before. (*Diplomacy: the Role of the Wife*)

The fact that spouses in the foreign service have a wide variety of experience, needs and expectations makes it difficult to generalize about their problems. Nevertheless, the following conclusion is a useful general summary of the results of our inquiry:

The dilemma of the Foreign Service wife is a heightened example of that of women in our society as a whole. She is caught between the old concept of her function as wife — a concept that is still respected in many parts of the world where she must live — and the concept of herself as an independent person in Canadian society. Whatever the solution, the Foreign Service of the future will have to make adjustments that will both respect the traditional, and accommodate the new role of the Canadian wife. (*FSCA Mobility Study*)

Effects on Families

Foreign service families and children may be able to accumulate enviable experiences, but they are also subject to special stresses. Promoting family stability and understanding the factors associated with family disruption are therefore subjects of particular concern. In its submission to the Commission the Department of External Affairs recognizes the special burdens a rotational lifestyle can place on families:

It is increasingly being recognized that families, including children, need as much, if not more support, than employees themselves who generally have a stable frame of reference and pre-existing relationships arising from their work on arrival at a new post. It is the spouse and the children who have to cope with the new homes, new friends and acquaintances, new neighbourhoods, new schools, and very often with most of the burden of packing, moving and unpacking— often virtually unassisted.

When foreign service parents were asked to rate the difficulty of establishing and maintaining family ties at post, employees responded in the following manner:

Difficult	41%
Neither difficult nor easy	24%
Easy	35%

Spouses responded to the same question:

Difficult	37%
Neither easy nor difficult	18%
Easy	45%

The response pattern is similar for husbands and wives and particularly noteworthy are the relatively high percentages at the extremes. Respondents to the Commission questionnaire were often non-committal, selecting the mid-point on a 7-point response scale. On the family question, however, most people tended to view the impact of life in foreign service on family relationships as either positive or negative. This finding is in keeping with previous research, which confirms that overseas postings tend either to draw families and couples closer together or drive them further apart. Some of the factors involved are explained in the following comments:

Moving may add the degree of stress to life which is more than the parent can cope with successfully; and, emotionally he/she becomes a less readily available parent to the child. The child suffers from the loss of the parent in the move, not from the move itself. (*Switzer et al., The Effect of Family Moves on Children*)

Our major area of dissatisfaction, the one most likely to cause us to leave the foreign service namely, 'quality of family life', does not lend itself to easy remedy. (*submission from foreign service officer and spouse*)

Children responded to questions aimed at assessing satisfaction and dissatisfaction with foreign service life in a manner similar to that of their parents. The socio-cultural benefits — travel, meeting new people, exploring new cultures — accounted for more than 90 per cent of all mentioned sources of satisfaction. On the negative side, problems of adjustment and rootlessness accounted for 70 per cent of the reasons for dissatisfaction. The specific difficulties confronting foreign service children can often be serious:

Children of families that move about a lot are more likely than stay-at-home children to be subjected to stressful situations which may awaken feelings not only of confusion and unhappiness, but even in unfavourable circumstances of actually being rejected or punished. At the time of a move their mastery of a known physical environment is suddenly undermined, their reassuring belonging disappears, their daily routines are interfered with; and until they can become familiar with a new setting they are cast back into far greater dependence on their parents and siblings. Hence they are extra vulnerable to any event — intended or not — which they

might interpret as a deprivation, a failure of care, or personal disapproval. Furthermore the children are in this situation precisely at a time when the parents, under stress also, may find it hard to muster up the extra patience and understanding to deal with difficult behaviour. (*submission from a foreign service spouse*)

But the child, in forming “homey” attachments to transient friends, places, situations, soon discovers the temporary nature of those relationships. There is no security, which is one of the attributes we attach to the notion of “home”, in making friends when you never know when they or you will be leaving. So the notion of home becomes both something desired and something avoided; it is impossible to develop roots yet it seems that the young growing plant can not help trying to send them out. Sooner or later, however, the desire to send out roots becomes numbed, and the child begins to orient to strange situations in a manner befitting a traveller, not one who is looking for a home. She/he becomes a stranger. (*submission from a former foreign service child*)

One of the most difficult problems confronting families in the foreign service is *education* (60 per cent of the spouses’ submissions dealt with education matters). The lack of continuity is the major concern, but the absence of Canadian studies, including second language courses, and special education facilities are also sources of dissatisfaction.

Francophone families in particular have a limited choice of school systems when abroad; a lycée is often the only French language school available. When they return to Ottawa, however, the high fees usually prevent them from enrolling their children in a lycée. As a result, the children become ineligible for re-admission to lycées abroad in the event of future postings. They are thus deprived of a basic right to educate their children in the language of their choice. Anglophone parents may also have problems ensuring continuity; this is of increasing concern as children reach senior high school. Essentially, a conflict exists between the need to maintain continuity and the cost burden placed on the parents.

Another source of great dissatisfaction is *health and recreation facilities*. More than half the questionnaire respondents felt that the provisions made for major medical problems abroad were inadequate compared with what they would expect in Canada. Fewer than 10 per cent of the respondents felt that recreational opportunities for Canadians abroad compared favourably with those available to members of the foreign services of other western nations. More than twice as many women as men raised health and recreation issues in their comments to the Commission.

Complaints about health and recreation facilities were, understandably, more numerous at hardship posts. Ottawa is increasingly attractive as a place to live; that, coupled with the real need for ‘roots’ at particular stages of life, appeals strongly to families, particularly if the most recent experience abroad has been at a hardship post, where the medical, recreational and social infrastructures were less than adequate. It is clear that the general lack of recreational facilities and the increased susceptibility to health problems at

hardship locations serve as strong disincentives for families remaining in a rotational foreign service. Recreation was often identified as a major health issue in that it is seen as a means of maintaining physical and mental well-being.

The Commission questionnaire revealed a mixed assessment of the administration of the Public Service Health Program and the role of Health and Welfare Canada (about 36 per cent of respondents were positive, another 36 per cent were negative). The level of negative response increased directly with the hardship level of the respondent's post. Our interviews with employees and their families indicated similar concerns in countries where the frequency of health problems is greater (e.g., tropical posts) and the availability of health services is minimal or services are of questionable quality.

The Public Service Health Program is a preventive rather than a treatment program for public servants, whether in Canada or abroad. Health and Welfare doctors have difficulty, however, in establishing their credibility, even in their preventive medicine role, during their periodic visits to posts. Employees and their families in a number of hardship posts appreciate the services currently provided by part-time local nurses (funded by Health and Welfare), but indicate the need for a level of advice and possibly treatment somewhat beyond these facilities.

In their discussions with the Commission, Health and Welfare officials emphasized that the provision of treatment services is probably the only way to establish the credibility and confidence that are essential if Canadian doctors overseas are to play a meaningful role in solving health problems at difficult posts. They believe that it should be possible to switch to a treatment-oriented service, staffed on a regional basis and involving regular visits to the posts most in need of both preventive and treatment services. They do not believe that doctors based in Ottawa could carry out this function. Nor could they — as some have suggested — provide the existing services.

The policy on evacuating an employee or dependent from a post for medical reasons is viewed as undefined by many in the foreign service community. They want any uncertainty dispelled by a clear statement of medical evacuation policy in the Foreign Service Directives and by the assignment of greater authority in this matter to the head of post. Further, spouses advocate the adoption of a standardized procedure for evacuating children quickly in the event of a medical emergency.

Security is another major area of concern. Although all members of the foreign service can be affected by safety and security problems, the impact is greatest on the spouses. The problem for Canadians abroad is not so much the insecurity and stress of being threatened by politically-motivated terrorist activity, but rather the difficulty of living in areas where law and order have broken down or have never been established. At some of our posts, every single employee and/or family has been the target of criminal activity and often violent attack. Some steps have been taken, including making the bedrooms of staff accommodations 'safe havens' by putting bars on the windows and closing off the rest of the house or apartment with locking metal grills. The effect may be like living in a jail cell, but it is appreciated. What is not appreciated is that often the need for such extreme measures is deeply felt and clearly established, yet nothing is done.

Conclusions

Families

Our investigations have convinced us that the family is the core of a rotational foreign service. Foreign service life tends to draw families closer together or drive them apart and the impact on children is especially strong. Whatever supports are necessary to establish and maintain family stability overseas should be provided.

One possibility would be to set up a network of offices in Ottawa and at posts similar to the American Family Liaison Office to provide the counselling (educational, job, etc.) and other support required.

Another possibility is community self-help, which is perhaps the most effective approach, not only in terms of cost, but also in terms of quality of service. This could be done by providing adequate funds to the Foreign Service Community Association to establish personal and family support services.

Education

For foreign service personnel with school-age children, education is a vital issue. Essentially, the problem confronting the foreign service family is the difficulty of maintaining continuity in educational experience. Consideration should be given to providing financial assistance to parents to enable them to maintain continuity in their children's education while they are posted in Ottawa. This is particularly important for francophone parents and students.

Spouses

There is a tendency to over-simplify the 'spouse problem', by comparing stereotypes of the 'traditional' and 'modern' foreign service spouse, the traditional spouse being one who accepts, views and values herself as an integral part of the foreign service, and the modern spouse being one who views her situation as demeaning, depersonalizing and inhibiting to her personal and professional self-realization. Although there are no doubt spouses who fit these extreme descriptions, the majority combine elements of both.

Although it is impossible and unwise to try to fit all foreign service wives into one mould, it is unacceptable that spouses remain unrecognized as part of the foreign service and as contributors to the task of representing Canada abroad. The principle that spouses are key to an effective foreign service must be accepted. Given this principle, attempts must be made to create conditions under which spouses are free to fit into foreign service life in a way that best suits their individual needs and choices. In short, the role of the spouse must be clarified, recognized and supported to the extent required.

Further, the government must recognize the disruptions, both financial and social, that foreign service life imposes on spouses. Given that financial incentives to serve abroad are provided to employees whose careers necessitate overseas postings, it would seem reasonable to provide some form of financial payment directly to spouses as both compensation for lost income and an incentive to go abroad. Increasingly, foreign service management will be forced

to take account of spouses' problems arising from foreign service and will have to deal with them. In our view, there is merit in opting for a global approach rather than trying to deal with individual problems on an ad hoc basis.

Diplomatic Status

One of the most visible aspects of the foreign service environment is the caste system that results from the traditional, hierarchical structure of the diplomatic service. The two-class system (diplomatic/non-diplomatic status) often results in inequitable treatment of support staff on foreign posting. This is a major cause of morale problems among support staff. In addition, it can promote conflict and divisiveness and substantially diminish the spirit of co-operation and sense of community at a post. It can also leave support staff in certain countries with the impression that management attaches less concern to their security (and that of their families) than to the security of officers. We are convinced that every effort must be made to remove discrimination and inequity of treatment, whether financial or otherwise — in short, to demolish the caste system.

Environment

Environmental conditions overseas have deteriorated and this has affected the morale of the foreign service community. The government cannot change these conditions and if anything, conditions are likely to worsen. Given this, and recognizing the demanding nature of life in the foreign service, it is of increasing importance that the *recruitment, selection, training and support* of employees and families be reviewed closely. Qualities such as the capacity to tolerate and cope with stress, flexibility, judgement and tact are vital to success overseas. Although they are difficult to measure, efforts should be made to develop ways of evaluating individual and family capacities in the course of recruitment and selection. Following selection, employees and families must be prepared for overseas life through orientation and training. Then, ways must be found to support people on post, especially hardship posts. In this regard, efforts should be made to assess *individual and family* needs and to establish training or support programs to meet these needs.

The role of the head of post overseas is extremely demanding; moreover, the manner in which it is carried out is critical to general morale at the post. The fact that the management responsibilities of heads of post go well beyond those of equivalent-level public servants in Ottawa must be taken into account in the selection and evaluation of the Service's chief officers overseas.

Safety and Security

Concern over personal safety and security at posts in high risk areas produces stress and worry, especially for spouses and families. This can contribute to an unhappy posting and affect overall employee effectiveness. Terrorism and political instability may be unavoidable, but management could take steps to improve physical security and introduce measures to reduce the potential hazards for employees and families. Austerity has cut into the

amounts being spent on these concerns and plans do not seem to have produced the desired results. Nor is there much evidence of an organized effort to keep families abreast of emergency plans and other steps that might help to ease their fears.

Health Care

The importance of adequate health care facilities and preventive services, especially at hardship posts, must not be overlooked. Future planning must be aimed at establishing the credibility of and confidence in the Canadian health care service available to members of the foreign service and at providing treatment-oriented service wherever possible. Spending on health, like spending on other areas that affect daily life abroad, cannot be considered discretionary.

Foreign-born Spouses

Some concern was expressed about the difficulties facing foreign-born spouses of members of the Service who wish to become Canadians. We are assured by the Department of the Secretary of State that these problems no longer exist; in general, foreign-born spouses who manage to become landed immigrants will no longer be discriminated against with respect to establishing Canadian residence for purposes of acquiring citizenship, simply because they leave Canada to accompany their husbands or wives posted abroad. We applaud this move and urge that the new situation be communicated clearly and rapidly to all employees. We also encourage the government to make explicit provision to cover these cases if the occasion arises to amend the relevant legislation.

We are also aware of a small number of cases where foreign-born spouses who had not yet acquired Canadian citizenship were put at a distinct disadvantage because they have not been deemed eligible for a Canadian diplomatic passport. The government and the Secretary of State for External Affairs have the power to issue Canadian diplomatic passports in such cases and have done so on at least one occasion. We urge that this become standard policy rather than the exception in the future.

Rotationality

Many of the issues raised in this paper question the continued viability of a rotational foreign service. The emergence of the woman whose income in Canada is an integral part of the family budget is one of the factors threatening rotationality, but equally important is the decreasing attractiveness of life at posts abroad. Many of the problems experienced by foreign service employees and families — rootlessness, constant change, stress, family separation, cultural adaptation — are directly related to declining morale in the foreign service community. More important, it should be recognized that, essentially, rotationality ‘causes’ these problems. This fact, coupled with the growing body of evidence to suggest that new recruits have no intention of committing themselves to a lifetime career in the foreign service, points to the clear need to re-examine the rotational structure and to explore ways of adapting this structure to current realities. This issue is not unique to the

Canadian foreign service, as this comment on the American system demonstrates:

The most striking characteristic of the new breed is attitude to the Service. New people are taking a look-see at the profession as a possible career for a time. While this disturbs some proponents of a career service, it is healthy. Those who stay will be motivated by job satisfaction. Those who see the fit is not good will have no false idealism to block them from resigning.

In general, more in-out flexibility is probably on the horizon with more leaves of absence, more short careers, perhaps more use of outside specialists in certain positions and probably a reduced “core Service” of long-distance people. All are logical ways to use talent effectively in a society where the average adult changes his career/job every seven to ten years. (*L. Mathes, “Is the Foreign Service in Decline”, Foreign Service Journal, May 1981*)

The results of our investigations indicate clearly that the longer one remains in the foreign service, the more difficult coping with the lifestyle becomes. Accepting such a lifestyle requires a degree of commitment and dedication that seems to be waning. This point was made at a recent symposium held in Washington, *Diplomacy: The Role of the Wife*:

Those who believe that every effort made “for the government” must be compensated, who look upon every assignment with a calculus of advantages vs. disadvantages, who need to “do their own thing” on their own terms, will miss an entire dimension of the diplomatic life that is different in kind from every other career, except perhaps the military services, because of the discipline that it necessarily requires. A career in diplomacy is simply too demanding and dangerous to be approached in any other spirit. Therefore, unless one can derive some pride from the fact that one is also serving one’s country — yes, serving one’s country — the inevitable sacrifices and disabilities that are involved will never seem adequately compensated. And this applies as much to husbands as it does to wives.

Many members of the foreign service (including spouses) feel increasingly undervalued, unrecognized and isolated. When conditions at home appear increasingly attractive and as conditions overseas continue to deteriorate, a serious morale problem is the inevitable result.

It is therefore of vital importance to capitalize on the positive attitudes and feelings among foreign service personnel and prevent any further deterioration in the general conditions of foreign service. To this end, we present a variety of options that we consider central to the resolution of the environmental problems associated with foreign service.

Key Issues

In this section we focus on the key environmental issues of concern to foreign service employees and families. In treating each issue, we describe

briefly the specific problem or problems associated with the issue and put forward options for changing or improving the situation. It should be pointed out that the options vary greatly in terms of scope and the resources required to implement them. We do not suggest that *all* the options can or should be implemented. Rather, they should serve to illustrate possible directions for change and improving general conditions of life in the foreign service. The specific issues addressed in this section are the following:

- The Role of the Spouse
- The Working Spouse
- Health and Recreation
- Adjustment: Individual and Family
- Education
- Status Differences
- Accommodation
- Security

THE ROLE OF THE SPOUSE

Problems	Options for Change	Results
1. There is a lack of recognition of the spouse as a key figure in the foreign service community along with a failure to recognize that the changes imposed by foreign service on all spouses require mechanisms for support.	1. Deal directly with spouses and dependents on subjects that concern them.	Will serve to acknowledge spouses and families as key members of the foreign service and would involve spouses and dependents in decision-making.
	2. Give FSCA financial assistance and the mandate to deal with concerns of non-employees.	Spouses and dependents, having first hand knowledge of foreign service life, may serve the needs of the community best. May require a mechanism for liaison on certain issues, creating another level of authority.
	3. Create a Bureau of Community Affairs within the Department of External Affairs to deal with matters of concern to non-employees—education, employment of spouses, mental health and adjustment to foreign service lifestyle, etc.	Will ensure continuity for matters requiring continual updating and revision. Will recognize the responsibility of the employer toward foreign service spouses and dependents.
	4. Prepare spouses for postings by:	Will facilitate adaptation and change.
	a) conducting more thorough pre-posting briefings and workshops on subjects	Spouses will feel more confident about their ability to adjust to life at postings abroad.

THE ROLE OF THE SPOUSE (cont'd)

Problems	Options for Change	Results
	such as security and evacuation procedures, implications of life at a Canadian mission, representation and protocol, Canadian foreign policy and family adaptation.	Spouses will feel they have the support and recognition of the Department of External Affairs.
	b) providing pre-posting language training to <i>all</i> spouses and having sufficient budget at the post to provide initial or follow-up language training for all spouses.	Spouses will adjust more quickly, will feel more comfortable when dealing with host country nationals and will be better able to run the household.
		Improve post morale by encouraging all wives to participate in host country activities.
	5. Keep spouses informed of current events in Canada by making more newspapers and Canadian publications available and ensuring better distribution than at present.	Spouses will be more informed when dealing with host country nationals.
		Will help alleviate feelings of isolation.
	6. Keep spouses informed of events and program activities at the mission.	Will recognize spouses' desire to represent Canada in an informed manner.
	7. Brief and debrief spouses on return to Canada.	Adjustment to life in Canada would be made easier.

THE ROLE OF THE SPOUSE (cont'd)

Problems	Options for Change	Results
		Department could obtain up to date information and useful advice for future pre-posting briefings.
2. At the post, spouses have no official recognition as key members of the community and have very little input into decisions affecting their daily lives.	1. Create an advisory committee at each post with representation from the spouses, to meet at regular intervals and discuss matters of community concern.	<p>Improve morale on post.</p> <p>Provide an opportunity to resolve community problems on an equitable basis.</p> <p>Committee could undertake projects to improve sense of community.</p> <p>Improve lines of communication between all members of post community, in an effective manner and at little cost.</p>
	2. Provide the necessary support to enable the FSCA to organize itself on a post by post basis.	Would provide a focal point for spouses and families.
	3. At larger posts in particular, make provision for function similar to that of Ottawa-based Bureau of Community Affairs.	<p>Would meet information requirements of spouses and dependents, particularly on arrival.</p> <p>Could co-ordinate projects of assistance to post community.</p> <p>Would involve spouses in projects of self-help.</p>

THE ROLE OF THE SPOUSE (cont'd)

Problems	Options for Change	Results
		Would improve morale at post.
	4. Designate a senior member of the mission to be concerned with community affairs.	Would demonstrate management's concern for community problems and provide a point of contact.
		Ensures continuity.
3. The Foreign Service imposes disruptions in the lives of spouses that have short and long term financial implications for families.	1. Provide financial compensation to spouses.	If distributed in an equitable manner to all spouses, morale in the foreign service will improve.
		Would allow foreign service spouse to use payment as she sees fit.
	2. Improve spouse's benefits receivable from employee's pension plan and, more generally, make all benefits divisible upon separation or divorce.	Provides security for spouses.
4. Although the employer maintains that representational duties are the responsibility of the employee, it is impossible for spouses not to become involved to some degree in assisting in the task of representing Canada.	Assist the spouse of a representational employee in her role in home entertainment by providing an efficient physical plant and also by simplifying accounting procedures.	More efficient and better quality 'at home' representation.
		Will recognize spouses' participation.

THE WORKING SPOUSE

Problems	Options for Change	Results
1. Foreign service spouses find it difficult to reconcile their employment aspirations with the rotational lifestyle.	1. The mission could identify jobs that could be carried out by spouses on personal service contracts.	<p>An efficient and cost effective method of getting a job done.</p> <p>A flexible staffing procedure not requiring job description and complex hiring procedures.</p> <p>Contract work is often done at home, so that no office space is required.</p>
	2. Staff LES positions with FS spouses and use an expatriate or Canadian pay-scale.	<p>In countries where it is difficult to staff LES positions adequately, FS spouses could be a valuable source of efficient and reliable employees.</p> <p>Canadian experience is useful in many LES positions (e.g., nurses).</p>
	3. Hire spouses at the post for Canada-based positions.	<p>Help to cover requirements due to leave or other temporary absence.</p> <p>Will assist in staffing less attractive posts.</p>
	4. Continue to pursue reciprocal agreements and deny work permits to other foreign service spouses in Canada on reciprocal basis.	<p>Would increase employment opportunities for spouse in host country.</p>

THE WORKING SPOUSE (cont'd)

Problems	Options for Change	Results
2. There is a lack of employment information for spouses and other dependents.	1. Provide career counselling in Ottawa to provide current information on the employment situation in Canada and abroad along with information on social security plans, work permits, taxation and labour laws in the host country.	Would give accurate picture of employment situation at posts and would assist spouses in re-entering the Canadian job market.
	2. Hold workshops on career matters (CV writing, job hunting skills, job opportunities).	
	3. Distribute public service competition posters to missions along with Canadian publications and papers outlining employment trends and opportunities in Canada.	Assist spouses to re-enter Canadian life.
	4. Provide space at departmental headquarters for spouses to hold monthly meetings.	Encourage self-help and exchange of information between spouses resident in Canada and recent arrivals from posts.
	5. Use video tapes at posts abroad for career counselling, education and training.	Would assist re-entry to Canadian work force.

THE WORKING SPOUSE (cont'd)

Problems	Options for Change	Results
3. Career development possibilities are hampered because of the interruptions caused by the FS lifestyle (loss of promotional opportunities, tenure, seniority and accreditation).	1. Provide leave without pay for the duration of posting to spouses employed in the public service and encourage other employers to grant similar leave.	Provides job security.
	2. Allow spouses to write internal public service competitions.	May provide career openings for spouses formerly employed by the public service who did not get LWOP.
	3. Allow spouses to compete for positions they are qualified for in FS departments.	Would use experience and knowledge gained by spouses on posting.
	4. Pay for retraining in Canada for FS spouses who have lost accreditation due to FS postings.	Would compensate spouse for loss.
4. Foreign service spouses employed in the public service and elsewhere lose their benefits (Canada pension, super-annuation, death benefits, leave credits) or must pay penalties for 'breaks in service'.	1. Permit dependent spouses, even when unemployed, the option of paying into an independent retirement scheme or social security system when abroad.	Would provide security for spouses in an increasingly insecure world. Would compensate spouses and recognize their contribution.
	2. Provide spouses working in Canadian missions abroad with Canadian employee benefits.	Would provide a work history and continuity for spouses who fill LES positions on a regular basis.

THE WORKING SPOUSE (cont'd)

Problems	Options for Change	Results
	3. Include clauses for reciprocal social security benefits in reciprocal work agreements with other countries.	This is already possible, as shown by the reciprocal agreement with the US, which deals with UIC benefits.
	4. Change UIC regulations to allow employment credits accumulated just prior to posting to apply to the period just after return to Canada so that benefits could be drawn on return.	Would assist spouses financially during a job search period.
5. Because of the unique situation of the head of post spouse at missions abroad, her ability to be employed at post is hampered by a conflict of interest.	1. When mutually agreeable, make the HOP spouse an employee of the Canadian government with all employee benefits.	Would encourage HOP spouses to accompany HOP and support her role as an official representative of Canada.
It is often difficult for the HOP spouse to reject the traditional role and her official activities leave very little time for employment.	2. Enter into a contractual agreement with the HOP spouse regarding official duties.	Would assist and support HOP spouse in her role as an official representative of Canada.
	3. Create a position of official residence administrator with first refusal given the HOP spouse.	

THE WORKING SPOUSE (cont'd)

Problems	Options for Change	Results
	4. Ensure that HOP spouse has sufficient help of LES in running household.	
	5. Provide HOP spouse with free pension plan.	Would recognize unique position of HOP spouse.
6. It is often necessary for the spouse to remain in Canada due to employment commitments, education or training.	1. Provide separation allowance. 2. Allow family reunion travel for spouse. 3. Pay for regular telephone calls between spouses.	Would permit flexibility and may encourage commitment to rotationality in the long run by accommodating spouses' needs at critical stages in their careers.

HEALTH AND RECREATION

Problems	Options for Change	Results
<p>1. Health and Welfare Canada doctors abroad have difficulty establishing credibility and confidence among the foreign service community under their present 'preventive health' mandate.</p>	<p>1. Review the public service health role in the foreign service context to see whether it could be more effectively conducted from Ottawa.</p>	<p>The delivery of public service health programs to FS personnel could be more closely monitored in Ottawa and perhaps provided in a more consistent fashion, but local knowledge and credibility would suffer.</p>
	<p>2. Re-define the public service health role in order to give Health and Welfare Canada doctors the mandate to provide at least basic treatment services as well as counselling at hardship posts.</p>	<p>Given a mandate to provide treatment abroad, Health and Welfare would be able to run full service clinics (excluding X-Rays) and provide a specific foreign service public health program on a regional basis with regular visits.</p> <p>Monitoring overseas health facilities would be done by doctors familiar with local conditions.</p>
<p>2. The foreign service community is of the view that they are at greater risk overseas in terms of health problems than they would be in Ottawa. Furthermore, the majority consider the provisions for major medical problems to be generally inadequate compared with health care in Ottawa.</p>	<p>1. Provide HWC doctors with a mandate to treat and ensure that HWC recruits and/or retrain qualified practitioners who are interested in treating the health problems of Canadians overseas. In this regard, a regional basis already exists and this could be enlarged upon to include treatment in regions where needed.</p>	<p>Would improve present image of HWC doctors and would better serve the health needs of the foreign service community.</p>

HEALTH AND RECREATION (cont'd)

Problems	Options for Change	Results
	2. Set up more mini-clinics at Canadian missions abroad and staff with nurses where required.	May prove to be cost effective by eliminating the requirement for some medical evacuations.
	3. At hardship posts, Canadian missions might co-operate more often (as in Eastern Europe) with other foreign missions in establishing better general health care facilities.	Would be a cost effective means of meeting the health needs of the foreign service community by pooling resources.
	4. HWC should provide more intensive pre-departure medical examinations as well as pre-departure briefings aimed at educating all members of the family on the ways and means to stay healthy while on posting.	Would screen out problems and better prepare people for situations which they do not normally experience in Canada.
	5. HWC should ensure that individuals returning from hardship postings are provided with thorough medical examinations.	Would prevent future medical problems and would provide pool of information for future use.
3. The lack of a clearly stated medical evacuation plan for each post is a significant source of concern especially for those serving in	1. HWC and DEA should collaborate in the production of a clearer policy and contingency plans regarding medical evacuation.	Would give assurance to FS people that emergencies can be dealt with quickly and efficiently.

HEALTH AND RECREATION (cont'd)

Problems	Options for Change	Results
countries with inadequate health care facilities.	2. Clarify HOPs' and HWC doctors' responsibilities and authority to allow for quick action in the event of emergencies.	Would provide speed in dealing with emergencies—would eliminate stressful waiting for decisions.
	3. Prepare for contingencies by prior contract with various air ambulance services.	
	4. Provide passports for all foreign service children.	Enables quick emergency evacuation.
	5. HWC could co-operate with other interested parties in forming an Overseas Emergency Health Committee to provide rapid assistance and advice when needed.	Enables quick emergency evacuation.
4. At a substantial number of posts abroad, recreational facilities either do not exist or are prohibitively expensive.	1. Adopt a policy that every post should have or provide recreational facilities for employees and families and explore means of doing so such as:	Contributes to morale and health benefits; provides comparability with Canada.
	a) government-subsidized memberships in existing clubs (e.g., the government could	A simple and practical solution. Would be very good for morale as this idea was suggested by

HEALTH AND RECREATION (cont'd)

Problems	Options for Change	Results
	pay the difference between the local and a comparable Ottawa fee)	numerous people. Eases financial burden for employee.
	b) purchasing or leasing a cottage or beach house for use of employees and families	Would provide a communal area for employees.
	c) purchasing land on which tennis courts or a swimming pool could be installed	Would provide the means for exercise which helps maintain physical and mental well being.
	d) ensuring that when new chanceries are erected, provision is made for recreational facilities	
	2. In locations where decent recreational facilities do not exist, the government should consider co-operating with other foreign governments in the construction, operation and maintenance of needed installations.	Would provide the adequate facilities necessary; financial costs and maintenance would be shared.
	3. Employee and family initiative (with regard to devising ways and means to exercise and keep fit) could be promoted by providing a small amount of funds for purchase of equipment, rental of space, etc.	Would promote health and fitness.

ADJUSTMENT—INDIVIDUALS AND FAMILIES

Problems	Options for Change	Results
1. Members of the foreign service community consider their lifestyle of frequent and extreme changes very stressful.	1. Ensure that employees are allowed to utilize accumulated leave credits.	Would relieve post-related stress.
	2. Provide more coping mechanisms such as stress management workshops and briefings on subjects such as culture shock and alcohol and drug dependency.	Employer is providing a support mechanism to employees, spouses and dependents.
	3. Improve the selection process so that potential susceptibility to stress is detected and dealt with.	Preventative measure of benefit to both employee and employer.
	4. Less frequent moves and more flexibility in posting cycle would reduce stress associated with relocation.	Foreign service community would have more control over events in their lives.
	5. More time could be provided at either end of the move.	Reduction in stress.
2. Lengthy separations from the family and extended family create a feeling of rootlessness.	1. Provide an opportunity for all overseas personnel to return to Canada on an annual basis.	Re-Canadianization and strengthening of family ties.
	2. Improve ability to keep in touch with family members through improved	Increased frequency of contact with family.

ADJUSTMENT—INDIVIDUALS AND FAMILIES (cont'd)

Problems	Options for Change	Results
	mail service and provision for regular telephone calls home.	
	3. Provide single employees with family reunion benefits.	Recognize need for singles to maintain family ties.
3. The single parent is not adequately provided for in the administration of employee benefits.	Recognize the single parent in administration of the FSDs (e.g., allow dependent children to accompany parent on bereavement leave and allow better provisions for family reunion with the other parent so that custody agreements can be honoured).	Assists single parent to meet family needs.
4. Provisions for the foreign-born spouse with regard to family reunification benefits are inadequate.	Recognize the large number of foreign-born spouses by allowing their parents' homes to be the base for provisions such as vacation trade-off and compassionate leave.	Allows foreign-born spouses to maintain family ties.
5. Children, spouses and employees become estranged from their Canadian roots.	1. Provide re-entry counselling to familiarize people with developments in Canada and at headquarters.	Assists personnel to become established in Ottawa/Hull, giving them the basis to take action or make decisions that might otherwise lead to statements of "if I'd only known".

ADJUSTMENT—INDIVIDUALS AND FAMILIES (cont'd)

Problems	Options for Change	Results
	2. Annual return to Canada.	Would provide opportunities for maintaining family ties, friendships, business contacts, etc.
	3. The government could undertake to provide better access to Canadian media (e.g., magazine subscriptions, regional newspapers, VTRs of Canadian television and tapes of radio programs ensuring a cross-section of tastes and age groups).	Familiarize personnel with current Canadian tastes, opinions, developments.
	4. The DEA 'bag' service could be expanded to provide speedier personal mail service to all FS members. Package privileges back to Canada would permit exchanges of gifts, etc.	Provide means for people overseas to maintain contact with friends, relatives and business/professional contacts.
6. There is no consistent support mechanism in place at posts to assist recent arrivals in adjusting to the new milieu.	1. Ensure that language training is available to all employees, spouses and dependents.	Would provide uniform access to language training and assist adaptation to country of posting.
	2. Communicate directly with spouses and dependents regarding availability of pre-posting briefings	Would ensure that spouses are made aware of support mechanisms available to them.

ADJUSTMENT—INDIVIDUALS AND FAMILIES (cont'd)

Problems	Options for Change	Results
	and any other assistance available to them.	
	3. Ensure that each post has a method of welcoming new arrivals and ensuring that information is provided which would assist in adjustment to the new milieu.	Would create a positive first impression of the new post and ease settlement.

EDUCATION

Problems	Options for Change	Results
1. The greatest difficulty is maintaining continuity of educational experience.	1. Subsidize attendance at lycée by children of francophone parents while posted in Canada.	Allows for continuity of educational style and content as well as language of instruction. Less risk of being refused entry to lycée when family posted abroad again.
	2. Provide similar assistance to anglophone parents for continued private school education of children in the last two years of high school.	Permits continuity in educational style and content and also permits continuity of peer group surroundings and avoids change at a key point in adolescent development.
	3. Encourage establishment of an International School in Ottawa for foreign service children.	Facilitates entry into Canadian life by being a half-way step between foreign service and Canadian life.
	4. Provide education counselling.	Assists parents in making education decisions for children by presenting information, assessing circumstances and indicating possible routes. Provides employment opportunities for qualified spouses.
	5. Negotiate agreement whereby children of FS employees would gain automatic admission to French, British and American schools at overseas locations.	Eliminates one of the stresses of a move.

EDUCATION (cont'd)

Problems	Options for Change	Results
2. There is a lack of special education facilities at many overseas locations.	1. Ensure that special educational needs of children, particularly learning disabled children, are recognized at time of posting assignments.	Will serve to encourage families with children having special needs to remain in a rotational foreign service.
	2. Subsidize playschool for preschoolers and extracurricular activities.	Provides services available in Ottawa and expected by personnel. Acknowledges the constraints of FS life on the socializing of children.
3. Another area of concern is the overall lack of Canadian studies in a child's education.	1. Provide multi-media library materials on Canada and things Canadian at each post.	Provides information source to establish background knowledge, reference centre and sense of identity.
	2. Subsidize tutoring in Canadian studies, official and host country languages.	Provides an employment opportunity for spouses. Gives children some sense of their Canadian identity. Provides necessary background for Canadian high school graduation requirements, post secondary entrance exams, public service exams.

STATUS DIFFERENCES

Problems	Options for Change	Results
<p>1. The two-passport system is symptomatic of practices that make support staff feel like second-class citizens. This sense of discrimination has serious effects on morale and the spirit of co-operation at post. This attitude reinforces the differences already existing between support and officer staff.</p>	<p>1. Grant diplomatic passports to all employees and their families.</p>	<p>Support staff and officers of certain other departments would no longer feel like second class citizens and an overall positive effect on morale at post would follow.</p>
	<p>2. Dispense with the diplomatic passport altogether.</p>	<p>Would introduce a semblance of equality among foreign service personnel who are all serving their country abroad; however, security considerations at some posts may necessitate diplomatic passports.</p>
<p>2. At certain posts, Canadian practice with regard to issuing diplomatic passports and granting diplomatic status to support staff is not consistent with that of other western nations.</p>	<p>Pursue diplomatic status for support staff where local conditions make it essential and withhold diplomatic status for support staff of missions in Canada on a reciprocal basis.</p>	
<p>3. The international diplomatic system puts support staff at a disadvantage relative to those with diplomatic status with respect to various privileges such as buying and selling of cars and importing of other goods.</p>	<p>1. Automatically accord diplomatic status to support staff after a set period of service.</p>	<p>Would tie in with advancement and promotion scheme.</p>
	<p>2. Request diplomatic status for all employees and impose reciprocity.</p>	<p>Would do away with a major cause of poor morale.</p>

STATUS DIFFERENCES (cont'd)

Problems	Options for Change	Results
	3. Ensure equitable financial treatment where diplomatic status not granted (e.g., guarantee consistency of access to duty-free goods at all posts or compensate support staff through the allowance system)	
4. Support staff are often at the mercy of those with diplomatic status in regards to duty-free imports. Many find this system embarrassing and degrading. Support staff must obtain formal approval for their imports. Essentially, there does not exist equitable treatment for all employees in the foreign service.	Reimburse support staff for this 'loss of privilege' so that they can afford not only the necessities of post life but a few of the luxuries as well. Demonstrate equity of treatment by ensuring that everybody gets the same perks and privileges.	Would place everyone on the same level with regard to purchasing power. Would ease the financial burden felt by many.

ACCOMMODATION

Problems	Options for Change	Results
1. Accommodation represents a very basic and personal need that must be satisfied adequately if an employee and family are to feel 'at home' in their country of posting. That there is a significant amount of dissatisfaction especially among spouses and support staff is a consequence, in part, of (1) the great individual differences in needs and expectations regarding housing and (2) the general lack of any personal control over this vital issue.	<p>1. Allow the post to control accommodation (its acquisition, furnishing, allocation and maintenance) according to certain guidelines from headquarters based not so much on comparability with Ottawa but on what is good housing by local standards.</p> <p>2. Increase shipping weight allowances.</p>	<p>Needs and alternatives are immediately perceived and could be dealt with according to circumstances (e.g., deterioration of furnishings at a tropical post is faster than indicated by Ottawa/Canadian depreciation tables). Local management would replace furniture sooner than would be apparent to Ottawa management.</p> <p>Would permit families more discretion to 'personalize' their accommodations overseas.</p>
2. Support personnel often feel that there is discrimination in the allocation of accommodation. Although it is recognized that some officers have special housing needs given their representational duties, it appears inequitable that an unmarried officer has access to a larger house or apartment than a support employee with several dependents.	<p>1. The accommodation made available to an employee should be based on personal/family need rather than on job position and should include guest bedroom.</p> <p>2. Representation on Post Housing Committees should include spouses and support staff.</p> <p>3. Do away with representational housing below counsellor level.</p>	<p>Family needs are met and current disparities of overhousing and underhousing are alleviated.</p> <p>Opportunity for people at post to have an input to decisions affecting their personal lives. Develop sense of community as opposed to sense of being managed by the employer.</p>

SECURITY

Problems	Options for Change	Results
<p>1. Although it appears that spouses are more concerned about security problems, it must be recognized that anxiety over family safety can minimize employee effectiveness. Further psychological stress caused by threats to personal safety is a serious problem in high risk locations.</p>	<p>1. Funds for ensuring that all necessary security mechanisms are in place at posts must be viewed as non-discretionary.</p>	
	<p>2. At identified high risk posts, every residence of Canada-based staff should be inspected, at least every two years, in light of the existing terrorist or criminal threat in the community, to determine the appropriate level of physical security protection essential for the safety and well-being of occupants (e.g., exterior lighting, window grills, better doors and locks, intrusion alarms, etc.).</p>	<p>Would ensure the best physical security possible and would help reduce anxiety for personal safety.</p>
	<p>3. Security briefings for employees and spouses should be mandatory and include information on existing crime situation, as well as training on how to establish an effective personal and family safety program. These briefings should take place both prior to departure and on arrival at post.</p>	<p>Would ensure awareness of problems and potential problems and would essentially help people to help themselves.</p>

SECURITY (cont'd)

Problems	Options for Change	Results
	4. The posting of people to high security risk locations should include professional assessment of individual and family capacity to deal with such an environment.	Would help determine whether or not an employee and his family should be sent to a particular post. Would show consideration for spouse and dependents.
	5. Improved insurance protection and subsidized insurance plans.	Would help alleviate stress caused by financial worry.
	6. Diplomatic status must be obtained for everyone where security conditions require it.	
2. Generally speaking, foreign service employees, and especially spouses, indicate that their post evacuation plan has been communicated poorly to them; they were also not well informed of what their responsibilities were in the event the plan was put into effect.	This issue essentially should be covered in the pre-departure and post arrival briefings. Onus on post to ensure they act.	People want and need this type of information; if evacuation were necessary, it would be much easier if people knew what they were doing.

THE FOREIGN SERVICE DIRECTIVES

Introduction

It has long been recognized that foreign service employees serve under conditions distinct from those of their domestic counterparts and therefore require a system of emoluments and conditions of employment that effectively meet their needs abroad. The financial terms and conditions that apply to employees of the Canadian foreign service, whether they are fully rotational or on single assignment,* are contained in a manual entitled the Foreign Service Directives and commonly referred to as the FSDs. These were designed, as stated in the introduction to them, to “recruit, retain and deploy qualified employees to devise, execute and support effectively and economically the various departmental programs outside of Canada”.

Financial packages vary — sometimes considerably — in format and comprehensiveness but all owe their existence to a recognition of the need to provide incentives and compensation (monetary and otherwise) to employees who have to work and live outside Canada.

We have examined these benefits in terms of the Commissioner’s mandate and in the context of the “changes in the conditions and circumstances under which members of the Canadian foreign service and their families must live while abroad” in order to determine “how these changes should be reflected in

* ‘Rotational’ applies to foreign service employees who, as a condition of employment, are able and willing to serve abroad according to the exigencies of the Service. The term ‘single assignment’ refers to people who have made no commitment to serve abroad throughout their careers but who may occasionally serve outside Canada.

the Government's approach" to the financial package it offers its foreign service employees.

We first looked at how the financial packages offered by other organizations with similar international interests — and whose employees have to meet some of the same situations that Canadian government employees encounter abroad — compare with conditions under the FSDs. The goal was to examine not only the specific financial conditions but also how other systems were designed. Even more important was the need to understand why the various allowances were implemented and how effective they were in alleviating the problems they were meant to compensate for or solve. Many of the institutions chosen for the study were Canadian. They included private firms, provincial governments, federal Crown corporations and one development agency. But because these bodies did not have the same dimensions and variety of categories of employees as Canada's foreign service, comparisons were also extended to include institutions such as supra-governmental organizations, foreign governments and overseas development advisory bodies. The results of the first phase of this research are included in a separate paper entitled "Foreign Service Financial Packages: A Comparative Report", which can be found in Part III of this report.

This paper moves beyond the initial study to assess and evaluate the FSDs in terms of their effectiveness as incentives and compensation for service abroad. It does this by examining the range of approaches to benefits, by analyzing the current Directives and comparing them with other approaches and by assessing the perceptions of those most affected by them — the members of the foreign service and their families. We then state general conclusions and suggest various options for correcting anomalies in specific areas.

Approaches to Benefits Packages

Much of the groundwork for this section is contained in the background paper "Foreign Service Financial Packages: A Comparative Report", which provides detailed information on the policies and practices of various Canadian and international institutions for compensating expatriate employees. This discussion focuses in a more general way on the framework and objectives of these other approaches.

In terms of recruitment (and retention) of employees, the Canadian marketplace, both in Ottawa and across the country, generally tends to have an equalizing effect on the level of employee salaries and benefits, with the result that they are generally similar given similar conditions. Transposed overseas, these equalizing forces do not come as readily into play. Standards, as well as needs and demands, change and many more factors enter into the equation.

For any international expatriate employer, the terms and conditions of service abroad must respond to the need to provide an incentive to the expatriate, but they are established primarily in relation to and as a result of two central criteria: the size and composition of the expatriate population and the nature and length of assignments. These two determinants, considered in the context of an organization's *raison d'être* — private enterprise, government

service, humanitarian objectives — shape the basic benefits package. Canadian organizations have adopted a variety of approaches, but all are variations of a few basic models adjusted or modified to meet special needs.

Package Types

At one end of the spectrum is the approach generally used by organizations with limited operations and personnel abroad. This is the *single* or *limited component* package, which often provides the employee with a lump sum (or sums) of money — sometimes expressed as a percentage of salary — to cover anticipated expenditures such as foreign costs of living, travel and relocation expenses and shelter costs, although free accommodation is usually provided. (Lump sum payments are not unique to this approach, but they are less common as the packages become more complex and regulated.)

This approach is simple and easy to administer (both for the employer and the employee), but most important, it is highly flexible and can meet the different and/or changing needs of the individual expatriate as well as those of the employer.

At the opposite end of the spectrum is the *multi-component* financial package which is used mainly by governments to meet the needs of multi-category, multi-program operations with extensive representation overseas.* This approach is meant to meet the needs of a rotational population devoting a significant proportion of its career to service abroad. Consequently, it is necessary to meet not only the needs of the employee, but also those of the dependents who usually accompany the employee on posting. This approach must ensure that costs of living are met but must also take into account the expanded medical, educational and social needs of the expatriate population.

Inherent in this approach is a high degree of regulation; it is also subject to rigid interpretation, generally with few exceptions, largely as a result of the necessary precision and complexity.

The third approach is an amalgam of the two extremes. Its mixed or *composite* nature allows a financial package to be shaped according to a variety of conditions.

The composite approach is found most frequently in large multi-faceted organizations with extensive international interests and expanding offshore operations. Adoption of this approach is gradual and usually accompanies the establishment, within the organization, of a career rotational service in response to the institution's growing international responsibilities. A critical point is reached when the organization can no longer afford to deal or negotiate on an individual basis with each employee (the limited component approach). It then becomes necessary to establish an overall framework — a multi-component system. This approach is also distinguished from the limited component approach by being designed to take into account the family and domestic needs of the rotational employee.

Composite packages usually feature general guidelines setting out the dimensions of a provision. The basis for an allowance is broadly defined in

* The approach is also adopted by some large multinational enterprises although, in the Canadian context, there are few organizations that even approach this extreme.

terms of content and coverage with few exceptions or exclusions delineated. (For example, most education provisions read to the effect that the employer will assume all reasonable costs associated with the education of an expatriate's dependent child.)

The strength of the composite approach lies in its ability to combine a variety of provisions to meet changing situations. It is capable of handling a large rotational population in a multi-post system, but still has the flexibility to deal with unique situations and demands.

Guiding Principles

Set against this spectrum of package designs is a range of objectives or guiding principles that serve to define the policy intent of the various packages and their provisions. Within any system, a further decision must be taken on the criteria underlying the terms and conditions of service.

If these objectives were ranged along a continuous line, at one end would be the principle of (national) comparability and at the other, the principle of (local) relativity. 'Comparability' is based on a comparison between the level of services or benefits available to an employee under domestic (home country) conditions and the level or standard available or provided in the expatriate (host country) environment. After this 'level' has been assessed, the principle of comparability involves the implementation of a provision either to improve or to maintain it. By contrast, 'relativity' assesses this level in relation to the local environment, usually establishing provisions that fix benefits commensurate with the expatriate's status and function in relation to that environment. This does not preclude the establishment of levels or standards that would be 'comparable' — they may in fact exceed it — but neither does it dictate any specific level.

The middle ground between comparability and relativity can also be an objective. Linking a 'mix' or combination of these principles with the provisions of a financial package enables the employer to provide a package that is malleable and potentially more effective in responding to differing needs.

Some Canadian international employers, as well as a number of foreign governments, incorporate the principle of local relativity to a certain degree. The advantage is that it accounts for changes in emphasis in the intent and application of provisions. Rather than being bound by the rigidity and expectations created by comparability (these problems are discussed in the next section), a balance is struck between the two, permitting the employer to assure the expatriate of access to the proper level of benefits and services (health and medical services, education, etc.) in relation to the home country and providing the flexibility required for the expatriate to live comfortably within the local environment. Using the principle of local relativity avoids the arbitrary and blind application to the foreign location of what would ordinarily be reasonable standards and expectations at home. It permits the expatriate employer and employee to determine the most appropriate mix of provisions to meet identifiable needs.

There is an essential qualitative difference between packages based on the principle of comparability and those based on relativity. Comparability is a restrictive concept. It tends to limit the effect of provisions to a no loss/no gain

situation. But unfortunately, comparability also gives rise to expectations that may be destructive when comparability cannot be achieved. By contrast, relativity can incorporate the virtues of comparability and add to them. Nor does it condition expectations to such an encumbering degree, a crucial advantage in preserving the adaptability and flexibility essential to meet the variety and changing needs of the expatriate employee.

Although not really a separate approach, a variation on these alternatives is also possible. It is referred to as the *balance sheet* approach. Simply put, it involves the precise explanation and determination of the entitlements of the expatriate for the duration of a foreign posting. In reviewing the terms and conditions prior to going abroad, the employee is made fully aware of the *additional* benefits that will accrue as a result of service overseas and receives a guarantee that they will continue until the employee is repatriated. The balance sheet approach can be used whether the underlying objective is to ensure *no loss/ no gain* with respect to domestic counterparts, to provide for the *equitable* treatment of all offshore employees, to be *competitive* world-wide or to *maintain* an appropriate standard of living for the expatriate. In each case, the approach is the same; on one side of the balance sheet the employee sees the value of current earnings and benefits and on the other, the total value of all provisions and benefits while on assignment. This approach is used by a number of Canadian expatriate employers.

The Foreign Service Directives Manual

An Historical Perspective

In his 1905-06 Annual Report, the Deputy Minister of Trade and Commerce recommended that a living allowance be granted to overseas Trade Commissioners. As a result, the first living allowance (\$500) was granted in 1907. Over the years, an Entertainment Allowance (1922), a Club Allowance (1923) and a Rent Allowance (1929) were added. Until 1946, as the salaries of employees abroad were tax free, allowances were granted to employees on an ad hoc basis. Tax free status ended as allowances began to be paid on a regular basis. Various reforms to the system over the years culminated in the publication of the Foreign Service Directives (FSDs) in 1969.

The advent of collective bargaining in the public service in the mid-sixties coincided with an extensive review by the Department of External Affairs and the Treasury Board of the many foreign service provisions and allowances. As a result of this review and following consultation with the National Joint Council (NJC), the FSDs were adopted.

The NJC is a consultative body, created in 1944 by Order in Council “to promote the efficiency of the public service and the well-being of those employed in the public service by providing for regular consultation between the Government, as an employer, and those of its employees who come under the jurisdiction of the Public Service Staff Relations Act”.* The nature of the

* NJC Constitution and By-Laws.

NJC process is consultative and consensual. Recommendations to the government do not result from bargaining or negotiation; rather, proceedings must conclude in consensus. (It would be fair to say, however, that an adversarial approach fostered by the collective bargaining process and common to many aspects of the employer/employee relationship unavoidably carries over into this forum.)

Since 1969, the FSDs have been the subject of a triennial review by the NJC Committee on the Foreign Service Directives. Its terms of reference are to:

1. Review the substance and operation (including the degree of discretion permitted by the employer) of the Foreign Service Directives with a view to determining the need, if any, for changes which will enable the Directives to better serve the needs of the employer and employee;
2. Determine the Directives which are to be reviewed and the priority of examination of the various aspects of the Directives and to provide interpretation of policy intent upon request.

Also part of the Committee's mandate is its continuing role as a redress mechanism for grievances of foreign service employees coming under its jurisdiction. This permits the NJC to keep abreast of current issues and problem areas.

The NJC Committee on the FSDs is composed of equal representation from the official and the staff sides,* as well as a chairman (who is usually a senior public servant from a non-foreign service department but who has had some foreign service experience) and a secretary appointed by the Treasury Board Secretariat. Employer and employee representatives on the Committee discuss proposed changes to the FSDs and ultimately submit recommendations to the NJC for approval. Once approval is granted, a submission outlining recommended changes and their financial implications is presented to the Treasury Board for approval.

A Description of the FSDs

The Foreign Service Directives are an extensive and detailed set of regulations designed to meet the various contingencies of foreign service. They are based on three principles: comparability, which "recognizes that insofar as is possible an employee serving abroad should be placed in neither a more nor a less favourable situation than he would be in serving in Canada"; incentive-inducement, which "recognizes that the employer must provide certain additional emoluments both to attract employees to serve an occasional assignment

* The official side is composed of one representative from each of the following departments: the Treasury Board Secretariat; External Affairs; Industry, Trade and Commerce; and the Canada Employment and Immigration Commission. The staff side is composed of four members, one each from the International Brotherhood of Electrical Workers, the Professional Association of Foreign Service Officers, the Professional Institute of the Public Service and the Public Service Alliance of Canada.

outside Canada and to recruit and retain employees in a career foreign service”; and program-related principles, which “attempt to ensure that employees abroad will be provided with the means to carry out the programs assigned to them”.

The two most central and often cited of these principles are comparability and incentive-inducement. The program-related element* is secondary to provisions for the physical, economic and social well-being of the foreign service population.

Comparability was not explicitly mentioned in the Directives until 1972. As far back as the post-war period, however, its presence could be inferred from the existence of an index to adjust various allowance provisions. That the principle was at work is evident in the attempts that were made to establish some qualitative linkage between conditions in Ottawa and realities at posts. In an economic sense, the need for comparability was recognized in the provisions for the Foreign Service Allowance in the 1960s that served, in part, as a salary equalization mechanism and attempted to bring an employee’s purchasing power at post into line with that in Ottawa.

In July 1972, “comparability”, along with “incentive-inducement” and “program-related”, were included as “principles” by Treasury Board in the introduction to the FSDs. From this point, comparability moved from being a somewhat vague and loosely applied concept to become a basic criterion for determining the terms and conditions of service abroad.

The shelter provision (FSD #25) is a useful illustration of comparability. Prior to 1972, there was an ‘approximation’ of comparability in determining the rent and utility shares paid by employees. This was based on salary and family size. The 1972 directive went beyond ‘quantifiable’ comparability and applied the principle to the *quality* of accommodation. Although the directive said only that employees should be “adequately housed in decent accommodation” when abroad, a background document stated that the policy was to try “to ensure that employees abroad were being maintained in as comparable a position as possible with their headquarters-based counterparts” and that a clear statement of the employer’s intention was necessary. Consequently, a full explanation of the principle of comparability was included in the introduction to the directive in July 1978:

The employer is committed to a policy of average comparability which recognizes that wherever possible and practicable, and allowing for local conditions and lifestyles, the employer shall provide each Canada-based employee at a post outside Canada with accommodation which is generally comparable to the average fully-serviced rental accommodation normally occupied by a person of similar salary and family configuration in the Ottawa/Hull area. In return, the employee shall pay a shelter cost to the employer which in general corresponds to the cost of average fully-serviced unfurnished rental accommodation normally occupied by a person of similar salary and family configuration in the Ottawa/Hull area.

* An example of a program-related directive is the Foreign Language Allowance which is intended to enable the employee to function capably in a different language environment.

Despite the obvious intent of the FSDs to ensure, or attempt to ensure, that conditions (housing, medical and education facilities) at foreign locations 'approximate' or roughly equal those in Ottawa, the principle of comparability has not gone uncriticized. In recent years, it has been cited as an increasingly unworkable, administratively awkward and even undesirable concept to apply.

The principle of incentive-inducement has also been implicit in various allowance provisions for some time, but was only formally introduced as a guiding objective of the Directives in 1972. This principle recognizes that there are disutilities and disincentives to foreign service that necessitate means to encourage and motivate employees to serve overseas.

Two directives incorporate the incentive-inducement principle, the Foreign Service Premium and the Post Differential Allowance.

The Foreign Service Premium is a tax free allowance provided as an incentive to foreign service and as such recognizes that there are certain disutilities and disincentives, some of which may be financial, resulting from service outside Canada.*

This directive is a recruitment and retention device designed to encourage, maintain and deploy a career rotational foreign service.** The current premium is determined on the basis of salary, number of years of service abroad and family size. The basic premium, ranging from \$1600 to \$7000, is adjusted by applying a post index that takes into account the comparative costs of living and rates of exchange between the post and Ottawa. This is to ensure that the local value of the Foreign Service Premium will be the same for similar employees. (Single assignment employees who make no long-term career commitment to foreign service receive a smaller Foreign Service Premium — under FSD #57 — than do career rotational employees. Generally, the value of the incentive paid to expatriates on single assignment by most international employees is equal to 15 per cent of gross base salary.)

The purpose of the Post Differential Allowance (FSD #58) is similar to that of the Foreign Service Premium. Its focus, however, is somewhat different; it takes account of the need to staff hardship locations with qualified personnel and is paid in recognition of the undesirable conditions existing at those posts. Hardship is defined by reference to local conditions such as isolation, inhospitable climate, health hazards, inadequate medical care, hostilities and violence. Post hardship ratings ranging from Level I to Level IV (indicating progressively more difficult locations) are established and, depending on family status, allowances ranging from \$675 to \$3150 are paid. (Fifty per cent of our posts are not considered hardship locations; these are known as Level A posts and the Post Differential Allowance is not paid to employees located there.)

The Post Differential Allowance acts as both incentive and compensation. Treasury Board documents make clear the employer's intention that it should serve, in part, as compensation for the extra costs that result directly from living in a hardship environment (for example, expenses for recreational

* Introduction to Foreign Service Directive #56, April 1979.

** Even under the earlier Foreign Service Allowance system there was a minimum base amount (\$300-480 p.a.) built into the FSA intended to serve as an incentive and retention factor.

activities; due to the limited availability of public facilities, employees may have to bear the extra cost of such things as club memberships).

With the exception of these provisions, which are designed to act as incentives to service abroad, the majority of the FSDs are designed to 'reimburse' employees (and dependents) for variations in the level of benefits, facilities and services available overseas as compared with those available in Canada. As expressed in the employer's statement on the comparability principle, the FSDs have been developed to ensure that an employee is neither better nor worse off as a result of serving abroad.

The following tables illustrate the scope and content of the Directives. Table 1 separates the components of the incentive allowances — the Foreign Service Premium and, where applicable, the Post Differential Allowance — to indicate the monetary value to an employee (either single or with dependents) of service overseas at five representative posts.*

* The calculation of the value of the incentives is based on the following examples:
Salary — \$30,000
Premium Level — Step 3
Marital Status — Single/Married with two dependents
Post Index — Calculated as of 1 November 1980
For an explanation of the allowances, see FSD 56, FSD 57 and FSD 58.

TABLE FSD 1

Monetary value of:

Foreign Service Premium (FSP) Post Differential Allowance (PDA) for:		POST INDEX/ LEVEL	SINGLE EMPLOYEE \$	MARRIED EMPLOYEE+ 2 DEPEND- ENTS \$
London*	FSP PDA	140/145/A	4760/4930 —	8120/8410 —
Hong Kong	FSP PDA	115/I	3910 675	6670 1050
Mexico	FSP PDA	100/II	3400 975	5800 1425
Cairo	FSP PDA	100/III	3400 1425	5800 2100
Jeddah	FSP PDA	135/IV	4590 2100	7830 3150

* London is one of a small number of posts with a split index to compensate for the lack of diplomatic purchasing privileges. In this example, the 5-point increase in the post index increases the value of the FSP.

Table 2 offers an appreciation of the range and extent of other packages in relation to the terms and conditions that govern the Canadian foreign service. It lists the individual Foreign Service Directives (including a brief description and, where available, the monetary value of the provision) and contrasts them with a composite of the practices of other organizations, grouped according to the general areas covered in the FSDs.

(text continues on page 206)

TABLE FSD-2

COMPARATIVE VALUE: THE FOREIGN SERVICE DIRECTIVES/OTHER PACKAGES

Directive #	Foreign Service Directives	Other Organizations*
9 Medical and Dental Exam- inations	<ul style="list-style-type: none"> • covers cost of the examination • provides travelling expenses and allows leave if appropriate • pre-posting dental examinations required for 30 specified posts 	Provisions relating to pre-posting medical and dental examinations are by and large similar to the FSDs.
10 Posting Loan	<ul style="list-style-type: none"> • variable amounts available for length of posting at government interest rate to Crown corporations (rate as of 1 September 1981 — 17.75 per cent) • unaccompanied employee, up to \$3000 • accompanied by one dependent, up to \$3500 • accompanied by more than one dependent, up to \$4000 	Provisions relating to posting loans vary from no loan at one extreme to a maximum loan of \$10,000 (repayable within 3 years at 6 per cent interest). Interest rates are generally at preferred or commercial rates (repayment period 1-3 years). Several institutions provide additional interest-free loans to cover unforeseen expenses.
11 Automobile Posting Loan	<ul style="list-style-type: none"> • when importation or ownership of private auto is considered appropriate to a post • maximum of \$2600 • rate of interest same as posting loan 	Car loans vary from no loan at one extreme to an interest-free loan equalling 50 per cent of the value of the new car. A significant number of organizations provide loans at commercial rates.

* Other organizations include private sector, provincial governments, federal Crown corporations, supra-governmental organizations and foreign governments.

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations								
15 Relocation Expenses	<p>Travel: FSD 15.03-15.12</p> <ul style="list-style-type: none">• cost of most economical and practical mode of transportation (usually economy airfare) plus expenses for accommodation, meals and related expenses <p>Household Expenses: FSD 15.13-15.26</p> <ul style="list-style-type: none">• payment of actual removal expenses• storage expenses• storage of personal auto (maximum \$35/month) when Crown-held vehicles provided• maximum allowable net shipping weights: <table><tr><th colspan="2">Accommodation</th></tr><tr><th>Unfurnished</th><th>Furnished</th></tr><tr><td>Unaccompanied Employee</td><td>2725 kg. 4550 kg.</td></tr><tr><td>Accompanied Employee</td><td>3650 kg. 5900 kg.</td></tr>• shipment of personally-owned auto: cost of shipping to or from a post (limited by minimum length of ownership and maximum size of auto—20.8 cubic meters)</table>	Accommodation		Unfurnished	Furnished	Unaccompanied Employee	2725 kg. 4550 kg.	Accompanied Employee	3650 kg. 5900 kg.	<p>The relocation or transfer allowance differs with the various institutions but generally payment is expressed as a percentage of the base salary (5 per cent to 25 per cent) or as a lump sum payment (approximately \$1000/employee, \$500/spouse and \$125-150/child).</p> <p>Additional allowances (from 2-6 weeks of salary or a lump sum of \$500) are provided for miscellaneous expenses.</p> <p>Payment of real estate and legal fees, where applicable, is generally incorporated in relocation provisions. (One provincial government pays real estate and legal fees for the sale of a principal residence before each foreign assignment.)</p>
Accommodation										
Unfurnished	Furnished									
Unaccompanied Employee	2725 kg. 4550 kg.									
Accompanied Employee	3650 kg. 5900 kg.									

- compensation for damage or loss of household effects: an ‘all-risk’ insurance (maximum amount payable \$25,000)
- up to \$100 for additional insurance

Other Related Relocation Expenses:

FSD 15.27-15.34

- government will pay expenses to fulfil terms of lease in old place of duty or to hold accommodation in new place of duty
- travel, 6 nights accommodation and living expenses incurred on a house hunting trip when there is no available Crown-held accommodation
- specified incidental expenses incurred when converting/disconnecting/connecting electrical appliances, etc. related to disposition or acquisition of accommodation at post
- unspecified incidental expenses: \$200 for accompanied employee or unaccompanied employee shipping effects weighing 900 kg.; \$100 for unaccompanied employee shipping effects weighing less than 900 kg. (possible upward adjustment of 50%)
- living expenses in temporary accommodation during removal (up to 21 days)
- family separation expenses: provided to assist an employee temporarily maintaining two residences (reimbursement of incidental living expenses attributable to family separation—maximum amount \$70/month up to 6 months)

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations
16 Real Estate and Legal Fees	<ul style="list-style-type: none">• real estate fees charged by broker when selling principal residence (one occasion)• legal fees incurred when buying principal residence (two occasions)	
25 Shelter Provisions	<ul style="list-style-type: none">• designed to provide financial assistance (including utilities) where housing costs exceed Ottawa/Hull• rent ceilings established by posts considering salary, household size, type of accommodation and program requirements• shelter costs: amount paid by employee to employer representing average fully-serviced unfurnished Ottawa/Hull rental for similar salary and family size:<ul style="list-style-type: none">Single employee: \$190 – \$389Married with 2 dependents: \$202 – \$623 (calculated as of 1 April 1981)• commuting assistance available in abnormal situations to cover costs in excess of Ottawa/Hull commuting costs. Employee pays his share of commuting expenses (cost of an OC Transpo Unipass); employer pays the amount in excess of the Unipass	<p>The majority of organizations provide employees with free housing: the balance usually offer a housing supplement to offset the cost of higher rent, utilities, and additional expenses abroad. No universal standard exists for payment of housing allowances. Variations include:</p> <ul style="list-style-type: none">i) an allowance equal to 80% of actual rental costsii) cost/sharing whereby an employee pays \$100 plus the first 1/3 of the costs, the employer pays the balanceiii) an allowance calculated as a percentage of an employee's salary (example: one institution provided 20% of the employee's base salary)

- other shelter-related provisions include:
 security deposit advance (FSD 26), safe storage
 expense benefit (FSD 28), post parking expense
 (FSD 29), post transportation (FSD 30)

34	Education Allowance	<ul style="list-style-type: none"> • for dependent children 3 years 8 months to 21 years • ensures an education approximating the standards and cost of a Canadian public school education with consideration to language of instruction, education in a safe and healthful environment, religious instruction, curriculum compatible with Canadian standards equivalent to Ontario Grade 13 • all reasonable costs in most circumstances • post-secondary education costs: amount to cover shelter expenses (\$2.50/day maximum) 	<p>The majority pay 100% of all educational costs at or away from the post, usually, but not in all cases, terminating upon the completion of secondary education.</p> <p>Allowances in place vary from \$3,000 to a ceiling of \$5,500/child per annum. In addition, when the child has to be educated away from the parents, economy return air fare to the post is provided as often as three times a year.</p> <p>Some organizations have begun to pay private school fees while on home posting. Most also pay for foreign language training for children.</p>
35	Education Travel	<ul style="list-style-type: none"> • cost of reasonable travel expenses for a dependent student • shipment of a maximum of 100 kg. of personal effects 	
37	School Holiday Maintenance	<ul style="list-style-type: none"> • compensate for the cost of maintaining a dependent student attending an educational institution away from the post during holiday recess (includes cost of meals, lodging and local transportation expenses) • normally not applicable to long school (summer) holiday. 	

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations
38 Preventive Medical Service Expenses	<ul style="list-style-type: none"> • designed to ensure an employee and dependents are in good health while abroad by providing medical examinations • examination expenses paid by the employer • payment of medical travel expenses from posts where medical facilities are inadequate • contains a schedule of posts designated as unhealthy 	Most organizations provide comparable coverage at home and abroad. In circumstances where domestic medical insurance coverage (e.g. GSMIP, OHIP, etc.) is not sufficient, employees are fully reimbursed for the costs of additional coverage.
39 Special Health Care Expenses	<ul style="list-style-type: none"> • reimbursement by employer for expenses due to injury attributable to conditions at post of a type and incidence greater than in Canada 	
40 Normal Health Care	<ul style="list-style-type: none"> • reimbursement of amount in excess of that not normally covered by GSMIP 	
41 Health Care Travel	<ul style="list-style-type: none"> • travel and living expenses for patient and escort provided where health care at post is inadequate or prohibitively expensive 	

42	Medical Expense Advance	<ul style="list-style-type: none"> • for not less than \$200 with no upper limit; repaid when GSMIP reimburses employee 	
44	Holidays	<ul style="list-style-type: none"> • number of paid holidays same as domestic public servant 	<p>The majority of organizations provide annual home leave, R and R periods and additional leave provisions for time spent on a foreign assignment.</p> <p>Examples of vacation and leave provisions of various institutions are:</p> <ul style="list-style-type: none"> i) home leave for the entire family annually with all allowances in effect, plus additional foreign service leave and family reunion travel twice a year
45	Vacation Leave/Option	<ul style="list-style-type: none"> • entitlement to equivalent vacation leave as in Canada plus an extra week as a premium for overseas service • two weeks extra leave credits may be exchanged for air tickets up to the value of one return full economy airfare between the post and Ottawa during a two year period 	
46	Canadian Leave and Allowance	<ul style="list-style-type: none"> • accumulation at a rate of ½ day/month of completed service abroad to a maximum of 36 days • payment of travel expenses • Canadian Leave Allowance calculated: $\frac{\text{appropriate basic FSP}}{260} \times \frac{\text{\# of Canadian Leave days (min. of 12 days)}}{1}$	<ul style="list-style-type: none"> ii) R and R leave plus full economy airfare to a leave centre are provided annually or every four months depending on hardship factor iii) additional leave for acceptance of a foreign assignment ranging from an additional ½ day per month spent abroad to two days a month

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations
46 Canadian Leave and Allowance (cont'd)	<ul style="list-style-type: none"> • allowance <i>taxable</i> • employee eligible for Vacation Travel Assistance (see FSD 50) is not normally eligible for Canadian Leave as well during the same posting (exception— if Canadian Leave has been deferred from the last posting, employee is eligible for both) 	
47 Leave for Post-attri- butable Injury or Illness	<ul style="list-style-type: none"> • entitlement of leave provisions—no change to employee's sick leave credits 	
48 Special Leave	<ul style="list-style-type: none"> • provided for hardship beyond that which would occur in Canada • maximum of 8 days (at discretion of deputy head) 	

50		<ul style="list-style-type: none"> • transportation expenses up to full economy fare away from a hardship post to designated leave center with a frequency of <ul style="list-style-type: none"> — once per posting for Level I or Level II post — once per year for Level III or Level IV post
51	Family Reunion Travel	<ul style="list-style-type: none"> • designed to minimize the separation of parents and children attributable to an employee being posted abroad • payment of two return trips/year for dependent student by most economical mode of transportation (excursion rate)
54	Compensation Travel	<ul style="list-style-type: none"> • payment of accommodation and travel expenses for employee to compensate for expenses arising from serious illness or death in family
55	Salary Equalization Adjustment	<p>A. Salary Equalization Adjustment (FSD 55)</p> <p>Two distinct principles emerge in other institutions' approaches to this provision: the principle of (national) comparability and (local) relativity.</p> <ul style="list-style-type: none"> • provision to adjust employee's disposable income to level in Ottawa/Hull • applicable to employee serving at a post for which the Post Index is other than 100 (post index is relative price differential between Ottawa and post, calculated by Statistics Canada)

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations
55 Salary Equalization Adjustment (cont'd)	$SEA = \frac{\text{Post Index} - 100}{100} \times \frac{55\% \text{ gross salary}}{100}$ <ul style="list-style-type: none"> where post index is less than 100, the application of the SEA results in a reduction in the Foreign Service Premium 	<p>Comparability: To provide the expatriate with purchasing power (based on disposable or spendable income) similar to what would be enjoyed in the home location, a significant number of organizations use 60% of the base salary (as opposed to the FSD use of 55%), adjusted by an individual post index, to arrive at a non-taxable allowance to meet the cost of living. Occasionally this formula is increased to compensate an employee for the lack of diplomatic purchasing privileges.</p>
56 Foreign Service Premium	<ul style="list-style-type: none"> tax free allowance provided as an incentive to serve overseas not a cost of living allowance basic Foreign Service Premium (BP) is a scheduled amount based on salary group, family size and length of service outside Canada $FSP = \frac{BP \times \text{Post Index}}{100}$	<p>Local Relativity: Unlike comparability, this principle does not attempt to evaluate and provide a level of service similar to that available at home, but is intended to enable the expatriate to meet the cost of living within his post environment at a level relative to his status/function within that environment. This is usually accomplished by means of a local budget allowance based on the actual costs at the particular post location.</p>

- for ‘occasional’ assignment abroad
- similar to FSP—calculated at first premium level

$$\frac{\text{BP} \times \text{Post Index}}{100}$$

- Single employee: \$1,200
- Married with 2 dependents: \$2,400
- *non-taxable*

B. Foreign Service Premium (FSD 56)

Most organizations provide a non-taxable incentive-inducement allowance to their employees abroad.

A few pay the foreign service premium as a lump sum, but generally it is calculated as a percentage (ranging from 10% to 35%) of the employee’s base salary. In some instances a flat rate allowance is provided.

Some organizations that calculate the foreign service premium as a low percentage pay an additional lump sum. Other organizations use a sliding scale, paying a higher percentage at the lower end of the salary spectrum.

Organizations that do not provide a direct foreign service premium provide an incentive to foreign service through such device as tax-free status, free accommodation and other allowances or through access to required goods and services at reduced rates.

* This is the only directive that draws a distinction between a foreign assignment and a career rotational employee. In lieu of the FSP under FSD #56, a single assignment employee would receive an FSP under FSD #57 and be eligible for all other directives except for FSD #46.

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations															
58 Post Differential Allowance	<ul style="list-style-type: none">• payment in recognition of undesirable conditions existing at certain posts• Post Differential Allowance based upon post rating (level of hardship) and family configuration; paid according to a predetermined schedule• Range:<table><tr><td></td><td>Single Employee</td><td>Married + 2 Dependents</td></tr><tr><td>Level I</td><td>\$ 675</td><td>\$1050</td></tr><tr><td>Level II</td><td>975</td><td>1425</td></tr><tr><td>Level III</td><td>1425</td><td>2100</td></tr><tr><td>Level IV</td><td>2100</td><td>3150</td></tr></table>		Single Employee	Married + 2 Dependents	Level I	\$ 675	\$1050	Level II	975	1425	Level III	1425	2100	Level IV	2100	3150	C. Post Differential Allowance (FSD 58) Non-taxable hardship allowances are usually calculated as a percentage of base salary (5-20% depending on the degree of hardship) but can also be a lump sum. Some organizations compensate for hardship service by the accrual of pension credits at up to twice the normal rate.
	Single Employee	Married + 2 Dependents															
Level I	\$ 675	\$1050															
Level II	975	1425															
Level III	1425	2100															
Level IV	2100	3150															
59 Foreign Language Allowance	<ul style="list-style-type: none">• non-taxable• payment according to two levels of language difficulty to encourage employee to achieve and retain proficiency in foreign languages required for performance at post																

	<ul style="list-style-type: none"> • amount ranges from: Level I—\$15 to \$30/month Level II—\$22.50 to \$45/month • taxable
64 Emergency Evacuation and Loss	<ul style="list-style-type: none"> • provides for emergency evacuation of employee and dependents in the event of hostilities, natural disaster or other threatening circumstances • payment to safeguard possessions during absence from post and compensation for loss of possessions resulting from evacuation • maximum amount payable: \$25,000 (see Directive 15 for conditions of payment) • maximum of 6 months' salary for loss of monetary funds (bank deposits) • employee is on temporary duty status from day of departure to day of return or new assignment
66 Death Abroad of Employee or Dependent	<ul style="list-style-type: none"> • payment of costs for ambulance, hearse, embalming or cremation and outside case at post that exceed those incurred at headquarters city • payment of transportation expenses of body from place of death to place of interment exceeding costs that would have incurred from headquarters city to place of interment

TABLE FSD 2 (cont'd)

Directive #	Foreign Service Directives	Other Organizations
Provisions Not Included in the FSDs	<p>The organizations examined provided several additional provisions that could not be classified under the general headings corresponding to the FSDs. Briefly these are:</p> <p>Premiums and Grants</p> <p>a) Repatriation grant/completion bonus/resettlement allowance: a lump-sum allowance in recognition of an employee's service abroad paid upon completion of posting. Payment varies with individual institutions:</p> <p>i) payment of one month's salary for each year of service abroad</p> <p>ii) payment of 10-15% of base salary</p> <p>iii) payment of an additional year's salary for each year served at a post beyond original assignment</p> <p>b) Mobility premium: similar to the above and paid in addition to relocation provisions; a taxable allowance provided to ease the financial strain of transfers and the special costs of moving. A one-time payment made on each move (\$500 for transfers between posts; \$1,000 when transferred home)</p>	

c) Rotational premium: an allowance paid to an employee while stationed at home to encourage the employee to remain rotational (payment of \$270 per month; discontinued when posted)

Clothing Allowance: payment to reimburse the employee for part of clothing expenses when transferred from a tropical to a temperate post; amounts vary with institutions.

Signing Bonus: a discretionary allowance paid as an additional inducement to encourage employees to accept an assignment abroad. The average payment is \$10,000; maximum is \$18,000.

War Zone Allowance: an additional \$30 per day paid to an employee who accepts an assignment in a high-risk area plus an automatic life insurance policy of \$200,000.

Perceptions of the Foreign Service Community

Unlike other public servants, who can escape the employer when they leave the office, members of the foreign service are involved in the employer/employee relationship 24 hours a day and are always in some way under the purview of the FSDs. It is therefore not surprising that over 80 per cent of the submissions to the Commission called attention to the FSDs, as did well over half the Tear Sheets (see Data Sources in Part III). Six of the ten recommendations most frequently made by those submitting Tear Sheets dealt with compensation and the FSDs. The questionnaire indicates that few employees believe that the Directives are as comprehensive or as competitive as they should be. The recommendations — and grievances — of younger employees concerning the FSDs far outnumber those of their more experienced colleagues. They compare their situation with that of their domestic peers and draw particular attention to the expenses they incur in setting up a household for foreign service duty. Older employees, who have seen a steady improvement in benefits over the years, are more likely to concentrate on other problem areas they identify in the foreign service. Thus, although the figures derived from the data sources are useful, it must be remembered that because the foreign service community is not monolithic, they do not tell the whole story.

The most frequently-heard comment on what may be termed the non-financial aspects of the FSDs concerns flexibility in their administration. Many employees believe that post administrators should have more freedom to exercise discretion in interpreting the Directives. A phrase used repeatedly in submissions — “they [administration in Ottawa] are nickel and diming us to death” — illustrates the frustration felt by many employees in the face of the centralization and accounting requirements built into the present system of FSD administration. Indeed, the attitude of headquarters management/administration toward the problems of employees is the second most frequently mentioned source of dissatisfaction with foreign service life on employee Tear Sheets.

Some provisions of the FSDs receive more attention than others. In both submissions and Tear Sheets, most of the recommendations are aimed at improving incentive allowances. Employees and their spouses do not consider the value of the Foreign Service Premium and the Post Differential Allowance adequate incentive to serve abroad and they distrust the Post Index calculation, which affects the Foreign Service Premium and the Salary Equalization Adjustment.

Foreign Service Premium

Well over two-thirds of employees who returned the questionnaire feel that the Foreign Service Premium (FSP) has declined over the years as an inducement to serve abroad. Many argue that the FSP should not be adjusted by the Post Index; instead, they suggest, it should be linked to a Canada-based scale such as the Consumer Price Index in order to ensure that its value is maintained. For many employees, the FSP has become, of necessity, a cost of living supplement and no longer has any incentive value.

Some employees suggest that the FSP should be a proportion of base salary — perhaps 30 per cent — thereby guaranteeing an increase in the Premium with each promotion or negotiated raise. Other recommendations based on salary go a step further to suggest that a portion of the *spouse's* 'lost' salary — that is, from a job left behind in Canada — be used as a factor in FSP calculation or that the spouse, regardless of work status in Canada, be granted a premium independent of the employee's FSP. (Legislation to make this possible is now being prepared by one Western government.)

Approximately 75 per cent of the employee questionnaire respondents consider family size an important factor in Premium calculation; many of this group believe that the present three levels of payment (based on number of dependents) should be increased to at least five, which is the number of payment grades in the rent share system. The inclusion of length of service abroad in Premium calculation is acceptable to most members of the foreign service, except for seconded employees on single assignment. The latter argue that their inevitably lower FSP payments discourage non-rotational employees from taking occasional assignments abroad.

Most recommendations point to increasing the FSP. If, as one of the unions submits, the premium is an incentive for foreign service as specified in the Directives, then it should be large enough to be considered an incentive. On the other hand, if the FSP has to be used to defray living costs, then its rate of growth should not fall behind the inflation rate.

Post Differential Allowance

There is a strong feeling in all segments of the foreign service community that the Post Differential Allowance (PDA) is inadequate, that it has diminished as an incentive over the years and that it reflects inequitably the hardships faced at posts. Submissions from two foreign service departments state that the PDA should be increased. Unions and employees agree.

Not all suggestions about hardship posts are confined to money matters. Many recommendations fall under other FSDs, and some are outside the present regulations. The latter are mentioned here because of their financial implications (four examples: annual trip to Canada; frequent leaves with Vacation Travel Assistance; extensive medical examination in government hospitals upon completion of hardship tour; subsidization of employees' membership fees for recreation clubs). To remedy what are seen as clear disparities between 'plum' and hardship posts, some officers suggest that hardship duty provide accelerated pensionable service credits. Changes such as this, it is argued, could induce people to serve longer at difficult posts, thus ensuring effectiveness and continuity of Canadian representation in those locations.

Salary Equalization Adjustment/Post Index

Most employees feel the salary equalization provision (SEA) is not serving its stated purpose: adjusting the employee's disposable income abroad "to provide the employee with purchasing power comparable to that which he

would have enjoyed with similar remuneration in Ottawa”. The first problem is with the principle of comparability. Over 55 per cent of employees, both officers and support staff, reject it as unsound. This is reinforced by the overwhelming majority who indicated that the SEA (at their present post) was increasingly inadequate. Further, that this comparable purchasing power can be adjusted downward — for reasons that may not be evident to those serving abroad (e.g., adjustments to account for increases in the Canadian rate of inflation) — gives rise to even greater dissatisfaction in the foreign service community.

The Post Index, a numerical expression of the relative difference in the cost of living between Ottawa and the post, is an important variable in calculating the SEA and as such, receives considerable attention from the foreign service community. Discontent with the Index is common to all segments of the foreign service community — unions, associations, foreign service and other government departments, seconded and foreign service employees, former employees and spouses of employees. Scepticism about the Index is widespread. Many employees remark that when the Index is due for a reduction, the change is effected quickly; when an increase is to take place, the change is slow in coming. As one officer wryly stated, “Substantially more people believe in the Tooth Fairy than in the integrity of the Post Index system”.

Other criticisms of the Index arise from dissatisfaction with its data base: it does not take into account the quality of goods available; it measures what one can afford, not what one wants; its consideration of auto insurance rates is inadequate; it omits services and facilities available in Ottawa at nominal cost; it does not take into account the different — and uneconomical — shopping patterns imposed by some local environments.

Many employees question the validity of using a fixed portion (55 per cent) of gross salary as the figure for disposable income in SEA calculation. They advocate the use of a scale based on family size similar to that used for the Foreign Service Premium. Another recommendation for improving SEA benefits involves the retroactive application of any increase in payments.

Leave and Vacations

The Directives that deal with holidays, Vacation Leave, Canada Leave, Vacation Travel Assistance (VTA), Family Reunion Travel and Compassionate Travel are very important to the foreign service community. Employees and their spouses mention leave and vacation practices in submissions and Tear Sheets more often than any other area dealt with under the FSDs. In officer submissions, for example, Canada Leave ranks first and VTA third in number of mentions. Unions, foreign service departments and employee associations focus on leave and vacations, one department recommending, for example, “improvement of the scope and administration of Vacation Travel Assistance”.

Comments on the issue of Canada Leave are many and varied. It is claimed that Canada Leave is an employee’s right, not a privilege to be granted at the employer’s discretion; its eligibility requirements are thought too narrow

— it should be allowed at any time excepting the first three and last six months of an assignment; and it is viewed as far too infrequent to be effective in reducing feelings of isolation. Increasing the frequency of Canada Leave was the most often made suggestion by foreign service employees and spouses. Another frequently made recommendation for improving Canada Leave touches on the per diem allotment (known as Canada Leave Allowance) given with it; many employees believe the amount should be increased significantly. And above all, said some officers, Canada Leave should be used as a means of restoring morale and re-acquainting employees with their country rather than as an inexpensive way of repatriating employees between assignments.

Vacation Travel Assistance is judged inadequate by more than 50 per cent of employees. Many argue that the cost of vacationing in designated leave areas often exceeds what an individual or family can afford. A recommendation often made for easing these money worries — and redressing Canada Leave grievances — calls for broader, more generous VTA that would permit the employee and his family to return to their Canadian home point. There, the foreign service employee and spouse could vacation within their means, re-acquaint their children with Canada and see family and friends. Single employees point out that assisted leave in Canada is very important to them as well, in that the people who make up their immediate families neither accompany them to a post nor are eligible for any FSD-provided family reunions. The calculation of the VTA also causes concern among the many employees who resent the tendency to determine travel costs on the basis of excursion rather than economy fares.

Greater flexibility is also urged in administering the Family Reunion Travel and Compassionate Leave directives. An employee group asserts that the FSDs fail to recognize the changing concept of 'family' in today's society. Interviews with employees back up this contention. We were told of several instances where family reunions were thwarted or Compassionate Leave was denied; in each case, the disqualified child was in the legal custody of a single employee. Employees also point out that non-Canadian spouses, dependents and family members of foreign service personnel are penalized by a national bias in these two directives, a bias that is not in keeping with the international makeup of much of the Canadian foreign service community. On the basis of their submissions or questionnaire responses, only a third of employees and spouses feel that Compassionate Leave provisions are adequate; a similarly small proportion of married officers find Family Reunion Travel satisfactory.

Relocation

Comments on the provisions for moving employees and their families to foreign locations or back to Canada are made by employees, spouses and unions — management submissions do not touch on relocation issues. Approximately 60 per cent of the employee questionnaire respondents stated that they lose money each time they move.

The questionnaire asked for responses on several relocation issues, including the adequacy of the items for which reimbursement was provided, the amount of reimbursement for specified expenses and for miscellaneous

expenses, the speed with which insurance and damage claims are handled and the fairness of amounts paid. On all issues the positive response rate never exceeded 24 per cent and in four cases the negative response rate approached 85 per cent.

Not only is the insurance system slow, it is incomplete and intimidating in its complexity. The depreciation tables (by which, for example, a three year old suit is no longer deemed to have any value) used in the FSDs are seen to be in need of drastic reform. Indeed, some employees suggest that the government either get out of the insurance/depreciation business or insure all goods fully.

In addition to these general concerns, there are specific complaints: the amount at an employee's disposal for unspecified incidental moving expenses is inadequate; the limits imposed on the weight of personal effects being taken abroad are restrictive; there is not enough shipment by air; the stop-over policy for families in transit is inflexible; the specified incidental expense limited to \$50 for shipping pets is insufficient; the burden of additional costs of relocation from a post to cities across Canada immediately upon retirement falls on employees; there is insufficient employee choice in who moves his personal belongings. The overwhelming impression among employees regarding the administration of the relocation provision (and so many other FSDs), is that it is based on the assumption that employees are dishonest.

Shelter

Most of the comments on the accommodation provisions touch on three areas: housing administration; Crown-leased accommodation; and the rent share system. (Perceptions relating to the first two topics are discussed in the chapter entitled "The Foreign Service Environment". This section focuses on comments pertaining to the rent share system.)

The rent share system has both supporters and detractors.* Some detractors call the rent share "confiscatory" and a "positive disincentive" (especially for single-assignment employees), urge its abolition and advocate free housing for employees abroad. Housing comparability — in terms of both standards and costs — with Ottawa is often held up as an unworkable principle. Even one foreign service department, although not convinced of the virtues of free housing, agrees with this assessment of the principle.

Other employees seek to reduce rather than eliminate the rent share, citing various reasons for modifying the system: choice of housing at many posts is limited; the cost of maintaining a home in Ottawa while abroad is not considered in determining rent share values; the rent share system does not accurately account for the situation where employees, in choosing where they wish to live in Ottawa, may be able to pay less in rent than they are forced to pay when serving abroad; an employee is not compensated if his rent share exceeds the amount of rent payable to the local (that is, at the city of posting) landlord; comparisons with Ottawa are incomplete and thus inaccurate if the environment around a house — security and recreational, shopping and

* Only 38 per cent of officers responding to the questionnaire think the principle of shelter costs is "reasonable"; 54 per cent of support staff share this view.

parking facilities — plays no role in rent share values; and rent shares are inflated because they reflect the cost of renting rather than owning a house in Canada. Some couples make a further comment: because levels of payment are based on family size, the system discourages employees from taking their families abroad. And, several employees asked, if a conceived child (that is, a child not yet born at time of posting) boosts one's rent share (FSD 25.02), why does the rent share not decrease immediately a child leaves the post? Allowances are immediately adjusted in the latter instance; the rent share is not.

Education

Education issues are treated in some detail in the chapter on the foreign service environment. This section highlights the financial aspects of those concerns.

Some employees suggest that Admissible Educational Expenses should be paid as a lump sum* or should include such additional expenses as school trips (often a necessary component in a course of study), two return trips to school daily and education costs for children under the age of three years eight months (the current minimum age for FSD education assistance).

FSD provisions for family members who remain in Canada to pursue post-secondary studies are sometimes cited as inadequate. First is the question of Student Family Reunion. Some believe — spouses in particular — that two trips per year are not enough to diminish feelings of isolation from the family. Second, communication with dependents in Canada is sometimes difficult; many suggest that a telephone allowance be instituted so that parents can talk with their children more often. Third, the per diem shelter allowance for dependent students in Canada is viewed as ungenerous and arbitrary; several officers recommend that this admissible expense be based on the current cost of residence (without board) and be awarded per term. It is further argued that a student does not necessarily become financially independent of his parents at age 21 — obtaining an undergraduate degree would be a more accurate cut-off mark for the FSD student dependent provision.

The administration of the education directive did not escape criticism. Several employees complain of their role as intermediary in paying Admissible Education Expenses. When a child is educated away from the post, the employee pays school fees, sends receipts to headquarters and is subsequently reimbursed. The last step of this process can involve a delay of several months and can place a temporary financial burden on the employee.

Other Concerns

Two types of remarks are grouped under this heading: 1) comments on benefits that lie outside the reach of present FSDs and 2) comments on present FSDs that were not mentioned frequently enough to constitute 'major' subject areas such as those identified above.

* A fixed sum (perhaps the equivalent of fees for an academic year at a Canadian private school) to be used at the parents' discretion; this would also be a means of simplifying administrative procedures.

One subject not covered by the FSDs is *taxation*. A small number of employees maintain that they should be exempt from paying to the federal government the 43 per cent surtax (equivalent to the amount of provincial income tax payable) because they do not benefit directly from their tax dollars while abroad. Such an exemption, it is argued, would induce people to serve abroad and would in some measure make up for investment opportunities missed during prolonged absences from Canada. (Although we were unable to carry out a study of this question it is interesting to note that none of the government departments contacted had a firm understanding of the implications of this issue. Based on an average foreign service salary of \$28,728 and a federal tax rate of 33 per cent, this further 43 per cent of the federal tax represents an additional \$7.5 million credited to the consolidated revenue fund that is not balanced against the other costs of the FSDs.) A few employees add that donations made abroad (to local churches, charities, etc.) should be allowed as deductions from net income.

The issue of *automobiles* draws a wide variety of comments. Some officers interviewed recommend that FSD 30 be modified so that Crown-held automobiles are available to all employees. A greater number of support staff want the diplomatic privilege of car buying and selling abroad either abolished or extended to all Canada-based support personnel. Many request increased mileage allowances and a group of seconded employees believes that the government should rent automobiles to employees at reduced rates.

Sixty-three per cent of officers and 39 per cent of support staff are dissatisfied with amounts available for *posting and automobile loans*. They suggest that these ceilings be reviewed annually and adjusted (indexed, if necessary) to offset the effects of inflation. Some employees call for interest-free loans, arguing that the need to borrow money is a direct consequence of foreign service. A further suggestion is for a 'home posting loan' — a sum to help set up the permanent Canadian household of an employee who has spent a long time abroad and, as a result, has to buy or replace personal items such as carpets, drapes and furniture.

Other suggestions with respect to FSDs include the following: a union proposes *security compensation*, "a clearly outlined entitlement included in the FSDs which would provide monetary compensation, medical (including psychological) treatment, compassionate leave, travel, and any other legitimate requirements for an individual who, in the course of being abroad as an official (or dependent of an official) of the government is seriously provoked, harassed, tormented, injured, detained, or otherwise abused at any time as a result of circumstances not normally encountered in Canada"; a number of employees and spouses recommend that the *clothing allowance* be reinstated; a group of officers want a reduction in the *retirement age* according to length of hardship service; and, citing DND regulations as a precedent, several foreign service officers want the FSDs to provide rotational employees with the *choice of repatriation* to any point in Canada upon retirement.

Summary of Perceptions

Financial Aspects: Few provisions in the Directives escape attention in the comments and recommendations of the foreign service community. The extent

of employee dissatisfaction with the financial package is striking: two-thirds of the questionnaire respondents believe the FSDs to be inadequate and inequitable; many feel provisions should be more generous. Clearly, many believe — and it is not only employees — that the FSDs are in need of substantial improvement.

Among the changes considered imperative are: trips to Canada every year through Canadian Leave or VTA directives; improvement of benefits for those at hardship locations; some form of recognition, perhaps financial, for spouses of employees; measures designed to ease the financial burden placed on employees by present relocation practices; establishment of the FSP at a higher level; and clarification and improvement of the Post Index system.

Non-Financial Aspects: One of the major criticisms of the Directives arises from their complexity. Many in the foreign service community have, at best, an incomplete knowledge of FSD provisions and at worst, a mistaken view of their objectives and intent. For example, some employees criticized the SEA for not being an effective incentive (it is not designed as an incentive) or suggested data elements for the Post Index calculation that are in fact already taken into account. Misplaced criticisms such as these — which were not uncommon in the data sources — support several frequently-made recommendations: clarify the Directives and their intent (for example, is comparability a goal in all cases or only in certain specific areas?); make it clear what employees are entitled to (by means of a straightforward information booklet); and simplify the regulations contained in the FSDs.

A common thread runs through this discussion of the Directives — the call for flexibility in their administration. Suggestions for more ‘elastic’ FSD interpretation occurred frequently. Many spoke of greater discretionary power for heads of post and of the need for more lump-sum unaccountable payments. Combined with suggestions for simplifying the Directives, these recommendations are a telling commentary on employees’ views of how well the FSD system is working. Further substantiation of problems in the application of the Directives comes from charges that post administrations are either powerless or incompetent and that employees encounter an ‘adversarial’ attitude in their dealings with Ottawa (that is, employees have to ‘fight’ for what the FSDs already entitle them to). The ‘nickel and diming’ described so often by employees is clearly doing foreign service morale no good.

A more responsive and sympathetic attitude on the part of headquarters administration was one of the three most frequently made recommendations on employee Tear Sheets. This reinforces the results of the Commission’s other efforts to gather information. The foreign service community clearly believes that any reform of specific FSD provisions must be accompanied by an effort to establish a more satisfactory FSD administrative process.

Salary Equalization

There is no question that the Post Index system is complicated. It is strategically linked to two main financial components: the Foreign Service

Premium, a primary incentive allowance; and the Salary Equalization Adjustment, intended to provide the employee with the necessary purchasing power at the foreign location. It is also in large part responsible for many of the demoralizing effects of foreign service life.

The foreign service community is highly critical of the SEA and, in particular, the Post Index. Employees are not confident of the reliability of methods used to calculate the various indexes and are dissatisfied with the sketchy explanations for its (downward) movement. A great majority of those affected by it have serious doubts about the objectivity of the Post Index.

The Commission therefore undertook to have the methodology and impact of the system studied and appraised by independent specialists. The firm Organization Resources Counsellors, Inc. (ORC) was selected because of its extensive and widely recognized expertise in the field of compensation and benefits for expatriate employees. The approach adopted by ORC, the questions they sought to answer and their recommendations are contained in their report, which is reproduced in Part III. The problems identified by ORC can be summarized as follows:

1. Employees are generally not familiar with the system that is responsible for the establishment (and adjustment) of the Index.
2. There is no official documentation covering the data-processing activities (editing procedures). This places the editors in the difficult position of having to exercise judgement rather than applying clearly identified benchmarks.
3. Full-scale pricing exercises at posts are not completed often enough (currently they are done every three years).
4. Pricing in host locations is done by the expatriate employees themselves — a fact that raises doubts about the objectivity of the exercise.
5. The 'disposable income' concept currently being used, and particularly the use of a single and fixed percentage (55%), create inequities by ignoring the important factors of income distribution and family size.
6. Some weight components (vacation and miscellaneous) are only indirectly priced, i.e., are established by using implicit prices from other categories because direct pricing of some of their components (air fares, hotels, etc.) cannot be included under a common set of definitions.
7. Under the PAASCHE approach currently in place to calculate the Post Index, there is a fundamental contradiction between the use of the gross weights obtained from foreign spending patterns and their close relation to a sub-category weight reflecting a Canadian market basket.

Conclusions

Much of the background material and supporting evidence for assessing the effectiveness of the FSDs is contained in two other parts of this Report, “The Foreign Service Environment” and “Foreign Service Financial Packages: A Comparative Report”. This paper should not, therefore, be considered in isolation. Although its central focus is the financial impact of the terms and conditions of service, it is inextricably linked with all the other determinants of the physical, economic and social well-being of the foreign service community.

Whether or not one accepts the arguments, it is clear that the strength and range of opinions about the FSDs within the foreign service community are cause for grave concern. The criticisms, as well as the suggestions and recommendations for change, indicate a general appreciation of the system and an awareness of sensible steps that might be taken to improve it.

One might argue that not all the perceptions of the foreign service community are accurate reflections of the current state of affairs. This may be true to a certain extent, but if any misperception exists, it is a result of poor communication on the part of the employer and poor drafting of the Foreign Service Directives.* If some of the concerns raised by members of the foreign service community were of minor significance, many others focused on key issues.

There is no question that employees of the Canadian foreign service and their families must live and work under conditions different from and often more difficult than those in Canada. Nor is there any question that the existence of these distinct conditions requires a system of emoluments and conditions of employment that recognizes and effectively meets the need for appropriate incentives to and compensation for service overseas.

At first glance, the Foreign Service Directives seem to be a well-intentioned, effective set of provisions. Closer analysis reveals, however, that they have many weaknesses, not only in terms of their content and the principles that underlie them, but also in terms of their application and administration.

Comparability and incentive-inducement are not, in themselves, poor principles. In theory, they have many strengths. From one perspective, for example, ensuring comparability with the home country can be the ultimate guarantee that an expatriate employee will not be worse off (in any sense) as a result of service overseas. But introducing comparability also reinforces the natural human tendency to compare one's situation with everyone else's. And comparability fails when it becomes an attempt to apply certain standards in situations where they are totally inappropriate, unattainable or unrealistic. To be bound by comparability, as well as conditioned to expect it, leaves little and often no room for flexibility or for striking a reasonable balance.

The principle of local relativity has many merits; coupled with the strengths inherent in the principle of comparability, they could constitute a

* The Commission often found that background documentation is difficult to trace or unavailable. When it could be located, it was evident that the clarity in much of the primary material had been blurred by an obvious failure to carry over into the Directives the same clear expression of both intent and content.

convincing and workable rationale for a financial package for foreign service. This should be one of the guiding tenets of the Foreign Service Directives.

Incentive-inducement is a valid and desirable concept. It falls down in practice in terms of its monetary adequacy. Neither the Foreign Service Premium nor the Post Differential Allowance appears to be meeting its objectives. In relative terms, the FSP is losing its incentive value and is becoming less and less an inducement to serve abroad. Add to this the effect of the Salary Equalization Adjustment and it is eroded even further. The FSP cannot at present be set aside (as most multinational employers intend) as an amount to be 'banked'.

As a consequence of the inadequacy of the PDA, it is becoming increasingly difficult to assign employees to locations where local conditions — hardship, insecurity, inflation — represent financial and/or professional disincentives to the family and the employee. If the PDA is intended to ease the difficulties of staffing hardship locations, its value should act as a real incentive. If it is also meant to cover some of the additional costs imposed by the hardship location, then it must also be adequate to do so.

Moreover, under the current system, the combined effect of these two incentives is being distorted as a result of the application of the Post Index to the FSP. At high index, low hardship posts, the overall value of the incentive(s) is superior to that at a lower index, high hardship location. That is, in some cases, the system has a built-in *disincentive*. To redress this imbalance, it is highly desirable to eliminate the inequitable effects of the Index so that the system provides the monetary incentive(s) necessary to encourage people to serve at any location abroad.

With regard to the substance of the various FSDs, criticisms and recommendations for improvement are widespread; many of them are valid. The options put forward in the next section to address the problems identified are of two general types, pecuniary and structural. In both cases there are problems requiring urgent solutions and there is a range of objectives to be met. Although they cover most aspects of the Directives — the major financial components, relocation, education and shelter provisions and so on — none of the solutions suggested should be considered in isolation. The options are, for the most part, compatible within a total package. Taken individually or in groups, they all seek to address basic weaknesses in the Directives.

To underestimate the strength of opinion concerning the non-financial aspects of the Directives would be dangerous. Much of the dissatisfaction with the FSDs relates as much to their style, structure and administration as it does to their content. The adjectives employees have used to describe the FSDs include complex, inflexible, legalistic, incomplete and ambiguous.* Furthermore, administrative issues are a source of considerable discontent, provoking comments in a majority of the submissions from employees and spouses. The

* It also appears that most employees are unaware of some entitlements related to FSD provisions that may be available to them, but that are not covered in the Directives. The lack of information regarding taxation and the claiming of additional relocation expenses not covered in the Directives is a case in point. This is an example of where the employer should be doing something in terms of communication but is failing to do so.

attitudes prevalent at headquarters are termed petty, hostile, punitive, arbitrary, inflexible and even cynical.

Complaints about administrative performance range from “slow processing of claims” (while employees are expected to pay immediately) to “no replies” and from “unnecessary questioning of minor expenses” to “inconsistency”. Administrators are perceived as being incompetent and having little sympathy for the hardship and upheavals of foreign service life. In addition, people resent what they feel is the nit-picking attitude of lower level administrators in Ottawa. The system, it seems, is over-administered and often under-managed.

The submission of claims is frustrating not only because of the extensive detail required to support claims for even relatively minor expenses, but also because there is a strong feeling of not being trusted. Too much rigidity and pettiness in applying travel, relocation and other financial regulations require that employees spend an inordinate amount of time to recover costs — and they erode the employee’s goodwill to co-operate in cost-saving. To address these issues and restore employees’ confidence and trust in the system, a more simple, flexible approach, accompanied by greater decision-making authority for the head of post, must be adopted.

By attempting to improve the financial package and respond to changing circumstances, it appears that the employer may have gone too far toward making the FSDs a detailed multi-component package. Latitude and flexibility are rare in this kind of system and their absence just adds to the frustrations of an already burdensome and complex structure. The perceptions of the foreign service community, particularly in discussions of the non-financial aspects of the Directives, point clearly to a desire not to continue this move toward such a detailed, complex system. Equally evident, however, is the impossibility of adopting a single or limited component approach, given the demands of a system characterized by a large, rotational multi-category population and extensive representation abroad. Clearly, the FSDs should occupy a middle ground.

The experiences and successes of the approaches adopted by other organizations to meet the needs of their expatriate employees are not, in themselves, sufficient reason to change the system governing the terms and conditions of foreign service for employees of the government of Canada. However, when those experiences and successes speak directly to the criticisms raised about the Canadian system, there is reason to stop and examine the potential of other approaches to meet them. If we can extract anything from those experiences, it is that each approach offers new methods or more effective ways of dealing with concerns similar to those expressed by members of the Canadian foreign service community. *Simplicity* is a desirable goal. In the written provisions and in their subsequent administrative application, a simpler approach holds potential benefits for the employer as well as the employee. Flexibility is also a dominant feature of many of the packages analyzed. Particularly in the context of a rotational foreign service, the system must be able to adjust and meet the exceptions, rather than be bound by the rigid interpretation and application of provisions that become restrictive and, at times, inhumane.

Within a composite approach, whose strongest features include the capability to adapt and draw together the most suitable components, there is room for a redefined and reshaped financial package. Rather than moving toward the rigid, multi-component extreme, it should be possible to modify the FSDs creatively and responsively. Evidence of this is found in the fact that although a number of Canadian employers have adopted the Foreign Service Directives in whole or in part as a guiding framework for their own packages, most have modified and refined them for their own purposes, ignoring some directives and introducing innovative and progressive additions of their own.

The adoption by the government of such an approach would accommodate the redefinition of the guiding principles behind the financial package. It would permit the use of general guidelines with clearly expressed intent. It would certainly foster a reduction in the administrative machinery and strengthen individual responsibility and decision-making by employees and particularly by the head of post.

Finally, the findings of the comparative study of compensation underscore the need to maintain competitive financial terms and conditions for service abroad. Most expatriate employers recognize explicitly the essential differences between domestic and foreign service. Although the terms and conditions of employment under the Foreign Service Directives are extensive and comprehensive in terms of content, they fall short in terms of value. In many cases, there is a significant quantifiable difference between the value of the FSDs and the value of the financial conditions offered by most international employers, including those based in Canada. The terms and conditions of employment in the Canadian foreign service are not as competitive as they could, or perhaps should, be. The fact that Trade Commissioners are lost in increasing numbers each year to Canadian companies at home and abroad indicates that the government could do better. The fact that younger employees and their families associate financial hardship and disincentives with service overseas is an indication that the government should make better efforts to keep its employees.

In the last part of this paper, we present a variety of options from which specific recommendations can be drawn. In order to explore as many ideas as possible we did not exclude any options on the grounds of being inconsistent with the constraints imposed by austerity. Data on the estimated additional costs of each option are provided, however.

Options for the FSDs

Foreign Service Premium

Options	Results	Estimated Additional Costs*
1. De-indexing of the FSP.	1. • Preclude variations based on Post Index (especially negative ones.) • Could be used to provide funds in other areas.	1. According to TBS, this would save the government \$2.03 million annually.
2. Tie the FSP to yearly Canadian inflation figures.	2. Would maintain base value against inflation.	2. \$800,000 for the first year, assuming inflation would be approximately 10%.
3. New FSP concept based only on percentage of salary (i.e., 15% for serving abroad, 5% for rotationality).	3. • Eliminate inequitable effects of posting pattern. • Permit more equitable FSP for both career rotational and single assignment foreign service employees. N.B. the latter would <i>not</i> receive the additional 5% for rotationality. • Fairer incentive for the various categories of FS employees. • Competitiveness with other organizations. • Simplify/reduce administration of FSP.	3. \$364,000 (based on Royal Commission figures for rotational and single assignment population abroad at TB average salary levels minus current FSP expenditures).

* In order to provide comparison figures, the current costs of the FSDs are appended at the end of this section.

Foreign Service Premium (cont'd)

Options	Results	Estimated Additional Costs*
4. Addition of two categories to current schedule (i.e., accompanied by 3 and 4 dependents).	4. <ul style="list-style-type: none">• Would respect wishes of majority of FS employees with large families.• Would use same logic as current shelter schedule payments.	4. Difficult to come up with accurate estimate because number of employees in the two new categories could not be obtained.

Post Differential Allowance

			Options	Results	Estimated Additional Costs
1.			a) Eliminate family size from schedule to FSD 58. b) increase value of PDA by 25%, 50%, 75% and 100% for present schedule at 'accompanied by 2' level.	1. • More realistic incentive to service at hardship locations. • Eliminate bias favouring 'singles' and employees with only one dependent. • Would satisfy demands of an overwhelming number of employees.	1. \$1.6 million assuming 45% of employees are at hardship posts at an average cost of \$3300 each (minus current PDA costs of \$1.1 million as provided by Treasury Board).
Level	Present	Revised			
I	\$1050	\$1300			
II	1425	2000			
III	2100	3600			
IV	3150	6300			
2.			Increased pension credits at hardship locations based on the degree of hardship (i.e., 1.25%, 1.5%, 1.75%, 2% for levels I-IV respectively).	2. • Would encourage employees to accept and even extend hardship postings. • Would permit earlier retirement. • Would remove staffing blockage.	2. Difficult to estimate without knowing number of employees involved, salary at retirement, age at retirement, etc.
3.			Creation of a fifth level of hardship for temporary exceptional political, physical or climatic situations (i.e., danger pay).	3. Would <i>compensate</i> for exceptional hardship.	3. Impossible to estimate total cost; would depend on number of trouble spots and number of employees working there.
4.			Extension bonus equal to 20% of new PDA rate for additional service at a hardship post beyond the regular tour of duty; payable only after an initial 3 month period but retroactive to beginning of extended duty.	4. • Would encourage employees to extend duty at difficult locations. • Would enhance quality and continuity of program operations.	4. An average cost (based on #1 above) of \$540,000 given extensions at all hardship locations, minus savings due to reduced relocation expenses.

Salary Equalization

Options	Results	Estimated Additional Costs
1. Adoption of spendable income concept and introduction of new curve based on salary and family size (as opposed to current universal 55% threshold).	1. <ul style="list-style-type: none">• Would recognize actual expenditure differences associated with income and family size.• Would distribute more equitably the subsidies under this provision.	
2. Adopt form of Laspeyres concept as a base for the establishment of the post indexes.	2. <ul style="list-style-type: none">• Would properly address the principle of comparability (current index system being used [Paasche] does not protect a Canadian basket across the foreign locations).• Adjusted for foreign usage (would protect the expatriate's ability to purchase anywhere in the world the goods and services that were purchased in the home country.• Eliminates the need for conducting expenditure surveys at post.• Concept is in keeping with perception of people in the field.• Permits more frequent opportunities to adjust the weights.• Would free Statistics Canada resources in the long term.	2. Minimal start up costs for Statistics Canada; reduced costs over time.

Salary Equalization (cont'd)

Options	Results	Estimated Additional Costs
	<ul style="list-style-type: none">• Would eliminate downward bias of current Paasche system.	
3. Establish clearly documented edit procedures.	3. <ul style="list-style-type: none">• Would reduce need for editorial judgement.• Cost effectiveness.• Added credibility and integrity.• Would increase uniformity of editing procedures across locations	
4. Improve pricing mechanism by employing well-trained and independent collectors.	4. <ul style="list-style-type: none">• Minimize editorial judgement.• Added objectivity.	4. \$30,000 per pricing, assuming average price of \$250 per pricing agent.
5. Improve communication with people in the field by: a) regular communication/correspondence on the system; b) comprehensive explanation of index movement; c) inclusion of index as subject matter in pre-posting program; d) follow-up on index during liaison/ inspection visits by departmental representatives.	5. <ul style="list-style-type: none">• Would help establish credibility and integrity of the system.• Would reduce considerably current adverse reaction to system.	

Salary Equalization (cont'd)

Options	Results	Estimated Additional Costs
6. Removal of 'vacation' from index calculation.	6. • Make existing system equitable. • Set up 'vacation' as a separate identifiable allowance. • Would eliminate a system based on numerous assumptions.	
7. Establishment of yearly full-pricing surveys (abbreviated surveys bi-annually for high inflation areas).	7. To obtain more realistic knowledge of pricing patterns.	
8. If decision taken <i>not</i> to de-index Foreign Service Premium then permanently end the practice of applying negative index (less than 100) to the FSP.	8. • Would eliminate negative effects that downward adjustments have on morale of employees. • Would fully respect intent of the FSP, which is an incentive for service abroad. • Conform with general practice of most other international employers.	

Relocation

Options	Results	Estimated Additional Costs
1. Prompt settlement of insurance/damage claims.	1. Easing of temporary financial burden on employee for disbursements he is not responsible for.	1. No additional costs.
2. a) For North American moves raise insurance maximum to \$50,000. b) Improve and reform insurance package on personal effects by providing replacement value coverage instead of current depreciation table.	2. • Fairer system for employees and their dependents. • Reduce unhappiness at time of transfer. • Would reflect realistic values for possessions due to inflation both in terms of worth and replacement costs.	2. a) Impossible to calculate without additional data. b) \$100,000 to \$150,000 depending on risk involved; savings of person years can be expected as claims would be handled by insurance agencies.
3. Add 25% to ceiling on weight limitation.	3. • Abolish discrimination for people on first assignment who must acquire a lot of hospitality-related items. • Would add flexibility in personal choice of employees on what items and volume to include in shipment (e.g., books, children's toys, hobby equipment, tools).	3. \$2.76 million (figure based on average cost, \$8500, and average number of moves per year).
4. Establishment of a tax-free relocation grant based on number of years spent abroad (i.e., two weeks of salary per	4. • Global approach. • To replace the current unrealistic 'unspecified incidental expenses' of \$100 for single and \$200 for	4. \$1.5 million calculated as follows: 185 employees patriated from hardship posts and 226 from other

Relocation (cont'd)

Options	Results	Estimated Additional Costs
year of service prior to patriation)	<p>married employees.</p> <ul style="list-style-type: none"> • Abolition of other provisions (e.g., reimbursement for pets). • Equality of conditions with most other international employees. 	locations; average cost per employee per year of service, \$1104 (minus specified and unspecified expenses).
5. If #4 above not adopted, immediate increase of unspecified incidental expenses to \$300 and \$600 respectively.	5. To improve current unspecified incidental expenses.	5. \$201,300 (average yearly cost based on percentage of unaccompanied and accompanied employees minus value of current expenses).
6. Double the value of the posting loan; triple the value of the car loan.	6. Would reflect current prices.	6. Minimal cost only to process loans.
7. Extend loan provisions to include postings back to Canada.	7. Would assist employees in covering additional re-entry costs.	7. No additional costs except to process loans.
8. Provide all loans to employees interest-free.	8. Would recognize that loans are to cover the extra costs resulting from service abroad. In accepting this fact, carrying charges should be to the employer's account.	8. Difficult to calculate; (interest repayment in 1980/81 on outstanding loans valued at \$203,543; this amount would increase as a result of current interest rate levels and with projected increase in the base value of the loans). Offset cost by nominal service charge to employee to cover costs of administration.

Relocation (cont'd)

Options	Results	Estimated Additional Costs
9. Repatriation of retired employee to location of his choice in Canada.	9. <ul style="list-style-type: none">• Reduce financial burden at retirement.• Parity with military benefits.• Humane expression of gratitude.• Remove 'Ottawa bias' from directives.	9. Difficult to estimate without data on location employees would retire to, weight of effects, location before retirement, etc.

Spouses

Options	Results	Estimated Additional Costs
1. A separate Foreign Service Premium paid directly to spouse.	1. • Recognition of spouse's rotationality and that she is affected by the numerous moves at least as much as the employee. • Same principle as employee to recognize disutilities and disincentives resulting from service outside Canada. • Global approach. • Leaves choice to spouse where and how money will be spent.	1. \$3.3 million based on payment to spouses now abroad of half the average FSP paid to all employees now abroad. Figures used were obtained from Treasury Board Secretariat.
2. Subsidized retraining courses upon re-entry to Canada (e.g., nurses having lost their licences to practise or those needing to update their skills in given trades or professions).	2. Direct compensation.	2. \$55,000 based on assumption only 30% of the average 185 spouses coming back to Canada every year would have to be retrained in special areas (e.g., nurses, teachers); average cost per spouse estimated at \$1000.
3. Subsidization/continuation of pension plan for the spouse who worked prior to posting and is not working abroad.	3. Incentive to accompany employee on foreign assignment while discontinuing career.	3. \$1.97 million. Assuming the 510 spouses who were working prior to posting were making average salary of \$25,000. Represents both employer's and spouse's share calculated using 6.5% of gross salary, plus 1% for indexing, plus 2% for Canada Pension Plan.

Spouses (cont'd)

Options	Results	Estimated Additional Costs
4. Transfer of full pension benefits to widows/widowers.	4. Would recognize spouse who has accepted rotationality and who has been prevented from accumulating own pension plan.	4. Difficult to estimate without data on accumulated pension benefits of employee at time of death, period of time employee could have lived.
5. Financial payments to the representational spouse.	5. Recognition of extensive and unusual assistance in area of representation.	5. \$390,000 based on approximately 40% total spouses abroad working an average of 5 hours per reception, once a week at \$3.30 per hour (minimum wage).
6. Subsidize courses on host country.	6. <ul style="list-style-type: none">• Provide better appreciation of host country to spouses.• One of the means to fight culture shock and cope with environment.	6. \$28,000 calculated at an average \$25 for non-credit course multiplied by 1134 (current number of spouses abroad).

Education

Options	Results	Estimated Additional Costs
1. Subsidized education at Lycée Claudel in Ottawa for returning students engaged in French educational system.	1. Would solve problem of students who cannot be re-accepted in the lycée system after studying in Canadian public schools.	1. \$396,000, assuming 20% of total number of children currently back in Canada (828) would attend lycée at an average of \$3000 per student; also assuming employee would be asked to pay 20% of cost.
2. Subsidize continuing education at Canadian private schools for those students who were forced into this system when parents were posted to locations where adequate schools were not available.	2. • Would provide continuity in quality and type of education. • Would increase degree of rotationality of employees especially for hardship locations.	2. \$90,000 based on 20% of current number of children in private schools in Canada (53) at an average cost of \$8500 for tuition and lodging.
3. Free tutoring in Canada for students who need courses on Canadian subjects to upgrade their standards in subjects such as history, geography, literature, etc.	3. Would help eliminate gaps in education.	3. \$13,650 to permit secondary students (273) to take two night credit courses yearly through Ottawa Board of Education. Crash courses cost a flat rate of \$25.
4. Increase family reunion travel to 3 per year.	4. • Would strengthen family ties. • Would improve rotationality of employees especially in hardship locations.	4. \$178,400 (assuming that current disbursements for FSD #51 represent cost of family reunion travel twice per annum. Figure represents additional one third of the cost).

Leave and Vacations

Options	Results	Estimated Additional Costs
<p>1. More frequent Canada Leave:</p> <p>a) yearly</p> <p>b) biennial</p>	<p>1. • Could be traded off against VTA and home leave allowance.</p> <p>• Global approach to numerous problems (e.g., re-Canadianization; regular contacts with relatives/friends in Canada; regular purchase of clothing and essentials; isolation; mitigate health-related complaints).</p> <p>• Simplify current system.</p> <p>• Permit better planning on the part of both employees and management.</p> <p>• Standardization of leave policy.</p> <p>• Reduction of problems associated with enormous accumulation of leave.</p> <p>• Uniformity with most other Canadian institutions and foreign governments.</p> <p>• Could be in lieu of requested 3rd family reunion.</p>	<p>1. a) yearly: approximately \$6.7 million based on total foreign service population abroad (4327) times approximate average full economy return airfare of \$1800.</p> <p>b) Once a year at hardship posts and every two years at other posts—\$4.7 million. (Amount would be reduced considerably when employees are posted back to Canada instead of being cross posted [because travel costs are then debited to relocation budget].)</p>
<p>2. More flexibility in present Vacation Leave/Option to enable the employee to exchange accumulated extra vacation leave credits for adult return</p>	<p>2. • More rational utilization of leave credits.</p> <p>• More logical system permitting parents (couples) to travel together.</p>	<p>2. No cost to employer. (Option requires only an increase in the frequency of exchange.)</p>

Leave and Vacations (cont'd)

Options	Results	Estimated Additional Costs
economy air ticket(s) — at the current rate of two weeks extra vacation leave per ticket — as frequently as once a year.		

Communications

Options	Results	Estimated Additional Costs
1. One monthly 5-minute telephone call to children or relatives in Canada.	1. • Alleviate problem of isolation. • Encourage rotationality.	1. Maximum of \$448,000 based on average cost of 5-minute station-to-station call around the world (figure provided by DEA) if all employees abroad (1830) take advantage.
2. More liberal air bag policy to include the shipment of reading material and videotapes at those posts experiencing delivery problems.	2. • Will respond to the employees'/families' concerns and needs. • Will lessen the financial burden of those who try to compensate by buying expensive local replacements.	2. \$62,000 to allow employees at 64 posts where mail or privileges have to be extended to receive 2 lbs. per month (source: see 3.)
3. More generous parcel allotment — up to 100 kilos per year per family at the 55 identified posts where this policy applies.	3. • Would permit employees and their families to obtain at costs equivalent to Canada items that cannot be purchased locally. • Would lead to more purchases from Canada rather than from international traders.	3. \$100,000 (figure obtained from "Personal mailing privileges", April 14, 1981, published by ACIM, Department of External Affairs.)
4. Use of a Post Office box in Hull for renewal of Quebec driving licences.	4. Improve mailing service of ex-Quebec residents in a strategic field.	4. \$75 for rental of Post Office box (no additional work for members of messenger service as they already make two stops in Hull). (source: see 3.)

Shelter

Options	Results	Estimated Additional Costs
1. Free housing to all employees irrespective of location.	1. • Global measure. • Easy to administer. • Could trade off allowance for fees associated with purchase/sale of house in Canada. • Would bring about parity with many other organizations. • Strong incentive for people to go abroad. • Abandonment of comparability principle with Ottawa.	1. \$7.6 million as estimated by Treasury Board.
2. Exclude number of dependents in rent share table.	2. Would reduce principle of comparability with Ottawa/Hull which many employees find unreasonable and unworkable.	2. Impossible to estimate.
3. Reduce rent share payment by 25%.	3. • Encourage families to accept foreign postings. • Would better reflect current realities.	3. \$1.9 million <i>reduced revenues</i> (from total rent share figure provided by Treasury Board).

Non-Financial Aspects of the FSDs

Problem Areas	Options	Results
1. Important proportion of foreign service population unfamiliar with extent and range of FSDs; directives too complex, legalistic and bureaucratic.	1. a) Institute extensive pre-posting briefings on FSDs for employees and dependents. b) Publish simplified version of FSDs.	1. a) • Would permit itemized explanation of all financial items prior to posting. • Clarification of personal financial package for specific posting. • Inform FS population of their rights and how to go about obtaining them. b) Reduce requests from posts on FSD interpretation.
2. Dissatisfaction in coping with burgeoning system.	2. Creation of one small unit at headquarters to be responsible for FSD interpretation, staffed by competent administrators with field experience.	2. • Would eliminate confusion as to which of the numerous divisions at External is responsible for various areas. • Would provide focal point for enquiries. • Would bring uniformity into existing system. • Would provide much needed co-ordination among numerous administrative divisions. • Reorganization of line responsibilities.
3. Current administration of benefits package too centralized.	3. Transfer full responsibilities and funds to heads of posts for all field-related FSD	3. • Would permit managers to manage. • Savings at HQ by redistributing most of the administrative

Non-Financial Aspects of the FSDs (cont'd)

Problem Areas	Options	Results
	expenses including education, shelter, foreign languages, etc.	burden to posts.
4. Inflexibility of present directives.	4. a) Develop simple approach to financial benefits by issuing new directives based on general guidelines rather than trying to cover all imaginable cases/situations. b) Where feasible, provide employees with lump sum of total cost and let them administer the funds as they choose (e.g., Home Leave, VTA).	4. a) • Leave discretionary decision to managers (preferably to HOPs). • Provide needed flexibility to deal with different situations. • Meet changing circumstances. • More cost-effective administration. b) • Decentralization. • Reduction in administration costs and administrative personnel in Ottawa.

APPENDIX 1

CURRENT COSTS OF THE FSDs (by individual provision)

FSD #	Subject	Cost (\$)
9	Medical and Dental Examination	34,407
10, 11	Posting and Auto Loan	976,000*
15	Relocation	15,117,639
16	Real Estate and Legal Fees	(included in 'Relocation')
25	Shelter and Related Provisions	28,568,469
28	Storage	65,561
29	Post Parking	(included in 'Shelter')
30	Post Transportation	180,000
34	Education and Related Care of Dependent Children	2,665,704
35	Education Travel	72,112
37	School Holiday Maintenance	8,466
38	Medical and Related Expenses	64,221
39	Special Health Care Expenses	24,455
40	Normal Health Care	145,381
41	Health Care Travel	222,319
45	Vacation Leave/Option	453,918
46	Canadian Leave Allowance	1,078,224
50	Vacation Travel Assistance	2,143,537
51	Family Reunion Travel	535,130
54	Compassionate Travel	139,481
55	Salary Equalization	7,607,491
56	Foreign Service Premium	9,984,030**
58	Post Differential	1,381,470
59	Foreign Language Allowance	17,175
64	Emergency Evacuation	58,225
TOTAL COST		\$70,567,415

* Value of loans not included in total as all costs are recovered by the government.

** Including \$2,026,330 for indexation.

Sources: Department of External Affairs; Industry, Trade and Commerce; Canada Employment and Immigration Commission; Treasury Board Secretariat.

THE MANAGEMENT OF HUMAN RESOURCES

Introduction

In its broadest sense, personnel management is the general process by which needs for human resources to carry out an organization's mandate are identified. The process tells personnel managers what has to be done and what resources they will have at their disposal to do it. The management of human resources, which is the subject of this paper, is how managers organize to accomplish those goals — by recruiting, training, assigning and assessing the performance of employees. A good personnel management system not only permits the optimal deployment of human resources, but also requires that managers husband and cultivate those resources. The management of human resources therefore also entails career development planning, promotion and reassignment and weeding out poor performers. Thus, the goals of personnel management, whether in the public or private sector, whether in the domestic or foreign service, are to hire the right people, to develop their capabilities, to put them to work productively and to give them the opportunity to rise to the top.

Personnel management in the foreign service is a task requiring particular skill and attention because of the peculiarities of maintaining a complex system of far-flung operating units, highly mobile personnel and a vast variety of tasks and duties. Responsibility for personnel management within the foreign service has evolved somewhat over time. Initially, each of the foreign service departments managed its own personnel, both officer and support employees. With the integration decision of 1971, the responsibility for managing all support staff was given to External Affairs. Now, with consolidation, External will have responsibility for the management of officers as well, with the exception

of junior trade officers who will continue to be managed by Industry, Trade and Commerce.

Although members of the foreign service are clearly public servants, the conditions under which they serve — and the requirements of the system in which they serve — are sufficiently different from the domestic public service to require some adjustment of personnel management practices. The foreign service is run on the basis of a non-voluntary, career-rotational structure. That is, foreign service employees, throughout their public service careers and as a condition of employment, agree to take on regular assignments both overseas and in their headquarters departments.

Throughout this paper it will be clear that certain principles are fundamental to any discussion of personnel management in the foreign service. Most of these derive from the rotational nature of the Service and the demands and obligations this imposes. Although the continuing need for a career rotational foreign service is not in question, it must be recognized that in consequence of rotationality, *the management of human resources in the foreign service is different from personnel management in domestic departments*, a situation not always fully appreciated by the central agencies of government. The management of the Service must reflect and take account of these particularities rather than attempt to minimize them by bending or stretching domestic procedures to make the foreign service fit a mould designed for other purposes. This is the first principle.

The second principle arises from the first. If management expects employees to have the qualities necessary to respond to the peculiar demands of foreign service — mobility, adaptability, flexibility — *management must assume responsibility for creating the conditions under which employees can have satisfying careers* in terms of both individual assignments and longer term advancement within the system. The responsibilities of personnel managers in the foreign service are thus more pervasive with respect to individual employees than they would be in a domestic department and potentially more critical to the overall ability of the foreign service to meet its obligations and achieve its objectives.

The third principle is that *the particular requirements of human resources management in the foreign service impose costs that have few if any parallels in the domestic public service*. These costs may be direct, such as those necessitated by the relocation of employees and families (and the subsequent relocation necessitated by the ripple effect initiated by filling most vacancies in the foreign service), or they may be indirect — the fact that the foreign service is called upon to deliver a great variety of programs using employees drawn from a limited pool calls for special attention to career development and training, which in turn call for additional resources to be devoted to them.

In addition to these principles, there are a number of recent developments contributing to the 'environment' within which human resources are managed in the foreign service. Foreign service consolidation, the introduction of a new management category (known as SM/EX) throughout the public service and the restructuring of the foreign service officer group are comparatively recent ongoing changes that will affect personnel management. The implementation

of these decisions should provide personnel administrators with greater flexibility in filling positions and offer the potential for more rational use of human resources by increasing permeability between the domestic and foreign services and between streams within the foreign service. At the same time, however, changes such as the creation of the SM/EX group impose responsibilities on personnel managers to foster the development of general management skills among foreign service personnel, particularly in the financial and personnel administration areas.

With these principles and developments as background, we now turn to the examination of human resources management in the foreign service. The paper begins with a description of the approach to personnel management and shows how this system differs from that of the domestic service. The next section sketches the perceptions in the foreign service community of different aspects of personnel management and reports complaints and recommendations. On the basis of the perceptions and an understanding of the problems, we end by drawing some conclusions about the direction in which we think the foreign service should be heading in its management of human resources.

Personnel Management in the Foreign Service

The Approach

In both the domestic public service and the foreign service, the authority to hire and deploy personnel comes through the annual budgetary process, by which person years and salary budgets are allocated to departments by the government through the Treasury Board. Departments then allocate these resources throughout their organizations and classify positions according to the duties to be performed. These classified positions become the basis for hiring — the recruitment process measures candidates against the standards established for positions. At this point, however, the domestic and foreign services diverge.

This divergence is accounted for by two distinct needs in the foreign service that call for a more flexible system of recruiting, assigning and promoting employees. The first is the annual movement of approximately 700 employees (about a third of the total personnel complement) among the approximately 120 work locations in Canada and abroad. The second is the need to promote employees irrespective of their work sites. In the rotational foreign service these needs have been met by the adoption of an administrative technique known as ‘pooling’.

In the non-rotational public service, an employee normally acquires a classification by competing or qualifying for a position at a given occupational group and level. More important, the employee works at the point in the organization where the position to which he has been appointed is located. When an employee moves, it is almost invariably because he has qualified for and has been appointed to another position, thus acquiring a new personal classification corresponding to that of the new position.

The system of pooling positions and people in the rotational foreign service is different. For management purposes, all the rotational positions in each

occupational group and level are regarded collectively as forming a 'pool'; there are as many pools of positions as there are occupational groups and levels within those groups. There are also pools of employees, each comprising all the employees currently classified at a particular group and level. Rotational employees acquire a classification not by appointment to a position, but by appointment to a particular level within an occupation group — the only restriction being that there must be a vacant position within the appropriate occupational group and level 'pool' to back up the appointment. The consequence of this system is that the geographic location of the position and of the employee need not — and often do not — coincide and the position occupied by a rotational employee may often be unrelated to the duties he is actually performing.

The advantage of a pooling system is that assignments may be made, according to the needs of the system, where an employee's personal classification does not coincide with the classification of the position where there is a job to be done, provided there is a vacant position at the appropriate group and level somewhere in the system. On paper, the employee is appointed to the vacant position, but in fact may report to a job located half a world away. The system provides administrative flexibility, but it has other consequences as well.

One result is that the rotational foreign service constitutes a closed career system. Promotion and appointments are not based, as they are in the domestic public service, on employee initiative. Rotational employees do not 'apply' for positions or compete for appointments that would result in their personal classification being upgraded if they were successful. Rather, promotions in the foreign service are based on the existence of vacancies in the various pools of occupational groups and levels. Appointment to a new position results from the need to fill a vacancy at a particular post but the appointment need not be accompanied by a promotion (and indeed, cannot if there is no vacancy in the pool). Positions are often therefore 'overfilled' or 'underfilled'.

Promotions in the foreign service are therefore only possible when management determines that there are enough vacancies in a pool or pools to warrant review, assessment and promotions. When this occurs, all rotational employees at the level (and sometimes levels) immediately below that where vacancies exist are automatically considered for promotion. They need not apply or take any other initiative. Management can assess employees and promote them irrespective of their location or that of the vacant position; promotions can be made without transferring or reassigning the employee.

The pooling system is thus a response to the impracticability of operating a system that requires transfers or new assignments as a condition of promotion. Moreover, because employees or others outside the rotational service are not considered in this process, the internal career structure of the foreign service is truly 'closed'. The other consequence of a closed career system is that entrance to it is almost invariably at the most junior levels — regardless of a candidate's qualifications or previous work experience. Lateral entry at higher levels would be disruptive of the promotion pattern.

The system that has been developed to meet the personnel management needs of a career rotational foreign service has a number of advantages.

Personnel managers gain needed flexibility to fill positions and promote employees as appropriate without the physical and program disruptions that would occur if the domestic promotion and appointment system were used. Employees are considered for advancement, usually annually, without having to apply for positions or enter competitions. At the same time, such a system imposes responsibilities on personnel managers different from those of personnel managers in the domestic public service. If these responsibilities are not fulfilled, the system's advantages can quickly become disadvantages. Unfortunately, this is what has to some extent occurred in the foreign service.

These difficulties are manifested in several areas of personnel management — promotions and career advancement, career development and training, and recruitment. Because these are fundamental elements of any personnel management system, but particularly vital in a closed system such as the career foreign service, difficulties in any of them can have serious consequences for both employees and employers. Our evidence suggests that present difficulties are contributing to a breakdown of the principle of rotationality, which is at the base of all that distinguishes the foreign service from the domestic public service.

The career rotational system has been operating for more than 25 years. In the past few years, however, many employees — for a wide variety of reasons — have become more reluctant to accept regular assignments abroad. We have examined the rotational system and its counterparts in other foreign services closely. We have received the views of the managers of the system, of the people it serves and of employees. We have concluded that although rotationality should remain the basis for human resource management in the foreign service, and although the opportunity for a distinct career within the foreign service should be maintained — and indeed enhanced — new personnel management directions must be established to overcome the inadequacies of the present system. If these modifications are not carried out, the foreign service will be unable to provide either the degree of job satisfaction and career development that employees want and deserve or the high level of service expected of it. A foreign service that fails to provide one will almost certainly fail to provide the other.

Career Advancement

The system for promotions and career advancement in the foreign service arises from the administrative pooling of employees and positions. As noted earlier, whereas in the domestic public service positions are filled, as they become vacant, through a competitive process that usually results in the promotion of one of the candidates, appointments and promotions in the foreign service are made by two separate processes. Vacancies at posts are filled as they occur, but the appointee need not match the classification of the vacant position.

Promotions, which are quite unrelated to the assignment process, take place by means of promotion boards that are constituted when management

decides that there are enough vacancies in a given pool to warrant promotions to fill them. Promotion boards normally meet annually, although they may meet less frequently if few or no promotion possibilities exist. In the interim, rotational employees (except foreign service officers) filling positions of a rank higher than their personal classification are given 'acting pay' at the higher level.

The sole means used by promotion boards to judge employees' abilities to perform at the next higher level and to rank employees for promotion purposes are supervisors' appraisals of their employees, which are prepared annually (or sooner if the employee or supervisor is transferred). Before appraisals are turned over to promotion boards, however, Appraisal Review Committees (ARCs) are formed to examine each employee's appraisal so as to ensure its adequacy, completeness and internal consistency. These committees also try to ensure equity and consistency in appraisals by encouraging the use of uniform standards against which performance is measured for each occupational group and level and by referring inconsistencies back to supervisors. Nevertheless, the committees make no judgement on an employee's readiness for promotion nor can they alter appraisal reports in any way. In addition to these duties, ARCs also make recommendations for performance pay for foreign service officers and recommend future training or assignments for career development purposes to the personnel managers concerned.

Career Advancement for Officers: Foreign service operations expanded rapidly during the early 1970s. The result was a comparatively high intake of officers at the FS-1 (Development) level and relatively numerous possibilities for promotion for officers at all levels in the career rotational service — a situation similar to what prevailed generally in the public service at that time. Since 1975, however, the number of officers on strength has been on the decline; austerity has had the same effects as elsewhere in the public service. Entry to the foreign service officer (FS) group and promotion within the group have therefore become dependent largely on attrition. Vacancies at lower levels will only occur if employees are promoted to higher levels and vacancies at higher levels are likely to occur only if employees retire or resign — and because relatively young officers were promoted rapidly in earlier years, attrition rates are low. Few new positions are being created and too many people are chasing too few opportunities.

This situation is likely to persist unless and until new government decisions or initiatives are taken to introduce new programs or expand those existing — and provided that these decisions or initiatives also authorize new personnel resources to implement them. But if the size of the FS group remains static, there will be fewer promotion possibilities in the future. Relatively young officers promoted to middle management in more expansionary times will remain in place and low resignation and early retirement rates will compound the situation. There are already indications in the Department of External Affairs, where over 50 per cent of officers at the FS-1 level and 60 per cent of those at the FS-2 level have reached their salary ceilings, that this is a factor in the growing number of resignations of officers at those levels.

At the same time, however, it must be said that career prospects for FSOs are as good as, if not better than, those in the domestic service. The foreign

service offers the opportunity to fill one of the 119 head of post positions plus a proportionately large number of management positions in Ottawa. These include 11 FS-5 positions, the equivalent of SX-4 in the public service, that, because of the closed career system, are open to a relatively limited number of officers and are filled almost exclusively from within the foreign service. Lastly, the possibilities for officers who choose to look elsewhere in the public service are substantial.

Career Advancement for Administrative Support Staff: Employment categories for administrative support staff have been subject to many of the same pressures that have affected officer groups — the total number of support employees on strength peaked in 1976 and government policy of low or no growth has created compression problems similar to those in the officer category. With the exception of the secretarial (SCY) group, whose expansion and contraction closely paralleled that of the FS group, several additional factors influenced the number of employees in the other four support groups. The clerical and regulatory (CR) group continued to expand until 1978, partly as a result of the creation of CR ‘office manager’ positions in consequence of the 1973 consolidation of the rotational administrative officer (AS) category into the FS group. Similarly, the recent reinstitution of a rotational AS category led to a contraction of the CR group in 1979-80. The communications (CM) group reached its maximum size in 1974; technological advances have led to its decline since then. The introduction of more sophisticated communications equipment has, on the other hand, necessitated more technicians (EL) to maintain it. The decline in the number of security staff (GS-PRC) was the result of a policy decision that there were a number of posts where Canada-based security personnel were not required for full 24-hour coverage. In their place, a single security manager could be assigned to oversee a more technologically oriented security system.

Future entry to these job categories is therefore contingent, as it is in the officer group, on vacancies being created by attrition. Attrition rates are, however, low in all support categories except SCY 1 and 2. With the exception of these groups, intake levels will be low and promotion rates slow. Support employees also face the problem of ineligibility for further pay increases once they reach the salary maximum for their grade. Coupled with the fact that the ‘top’ for support employees is much lower than for officers and the fact that officer ranks are virtually closed to support employees, many capable employees in these groups find they truly have nowhere to go.

Career Development

In a closed career system such as the foreign service, career planning and development are essential to the health of the organization and indeed are fundamental to the management of human resources — which are, after all, the most valuable assets of the foreign service. When employees are recruited only at the most junior levels, career development is the only means of fostering the evolution of skills to meet the current and future needs of the organization by preparing employees to take on ever-increasing levels of responsibility. The

closed system has other implications for personnel managers. Maintaining high levels of employee motivation and productivity must be accomplished in the absence of the 'natural' stimulants present in an open, competitive system. The fact that employees of the foreign service are largely dependent for 'advancement' or 'progression' on the systems that promote and assign them means that foreign service management must accept greater responsibility for the career development of its employees than is the case in the domestic public service. This requirement takes on added significance in view of the employees' rotationality, which effectively prevents them from competing for other jobs when they are out of the country for long periods of time.

There are many factors that can affect career planning and development in the foreign service. The *assignment process* is the most important vehicle by which career development can be achieved and is central to career planning. The complexity of the process is amply illustrated by the following list of factors that are taken into consideration in the selection of the appropriate employee for a given assignment: operational requirements, academic experience, professional qualification, specialized training and general ability to perform the duties of the position, linguistic ability, equitability (balance of assignments between less and more popular posts and between Ottawa and abroad), views of the line manager and the head of post, personal preferences, career development, personal factors (family size, availability of accommodation, educational needs) and security considerations. Although the assignment process is an integral part of career development, there is often a contradiction between assignments and career development requirements. The need to fill a vacancy with the best person available often overrides other considerations.

Another crucial element of career development is *training*, which if properly used can enhance both the effective operation of the Service and employee morale. Training, either job-related — teaching the employee to perform the duties of a new job — or developmental — preparing an employee for future responsibilities — can help to ensure optimal use of existing manpower resources and to develop and cultivate those resources.

Temporary transfers to other government departments or agencies, to provincial governments or organizations, to universities or to the private sector — known as secondment, and sometimes used in conjunction with exchanges of personnel from other organizations — constitute the third method available to the foreign service, along with the assignment process and training and development, for managing and fostering the career development of its employees. Secondments into the Service give officers from other departments or sectors a deeper knowledge and understanding of Canadian foreign policy and operations. At the same time, they bring specialized skills into the foreign service where they are required to meet short-term needs that cannot be met from within the Service. Seconding foreign service officers out to other organizations allows them to acquire new skills or specialized knowledge, to appreciate and understand the operations and policy processes of other participants in the formulation of Canadian foreign policy and to opt out temporarily from the foreign service.

At present, however, there appears to be no adequate system for career planning, for identifying the strengths and weaknesses of individual foreign service employees, for ensuring that steps are taken to capitalize on those strengths or correct those weaknesses, or for providing the training and rational pattern of assignments that would not only develop the potential of individual employees, but also ensure that the Service has at its disposal the human resources of the variety and calibre essential to the achievement of its goals as an organization. Management is failing to provide employees with any sense that the system is being run with regard to plan or logic or that it is doing any more than simply reacting to current crises instead of planning for the longer term needs of the organization and of the individuals within it.

Foreign Service Perceptions of Personnel Management

Dissatisfaction with different aspects of human resources management was highly evident in the material presented to the Commission and in the interviews conducted at home and overseas. Foreign service employees, especially administrative staff, were clearly worried and unhappy about their careers, their prospects and the manner in which personnel management in the foreign service is attending to these concerns.

The data sources reveal the extent of dissatisfaction. Responses to the questionnaire indicate that few employees think that prospects for promotions are good in the future and that a vast majority believe career planning in the foreign service to be poor. In the Tear Sheets that accompanied the questionnaires, about 50 per cent of the foreign service officers and 80 per cent of administrative support staff identified some element of personnel management as a source of dissatisfaction. These complaints included the lack of promotions, the absence of career planning, the appraisal system, insufficient career development opportunities, the post assignment process and recruitment. Of the 15 most frequently mentioned sources of dissatisfaction among administrative support staff, seven relate to aspects of human resources management. Over 60 per cent of the submissions from program officers and 70 per cent of those from administrative staff call attention to personnel problems. The telephone survey of former foreign service members revealed that discontent with personnel management was the number one cause of resignation. Over half of administrative support personnel and one-fifth of program officers mentioned personnel matters as sources of dissatisfaction in their careers. In response to a question asking why they would leave the foreign service, 44 per cent of administrative personnel pointed a finger at personnel management procedures and practices, as did 33 per cent of program officers.

Promotions and career planning were the chief concerns of those who commented on human resources management. One phrase typified many of the comments on promotions: "It's easier to get into heaven than to get a promotion in External Affairs." As for career planning, many felt that it existed in name only, if it existed at all. Especially among administrative support staff, remarks such as "career planning is pretty much a joke"

summarized their dissatisfaction. However, each aspect of personnel management attracted many complaints and prompted numerous recommendations. The following survey is indicative of the nature and depth of dissatisfaction with the personnel function.

Career Advancement: Promotions

Members of the foreign service community are very dissatisfied with the prospects for promotion in their careers. Many feel that there exists a barrier to career advancement, that the opportunities for promotions will be even fewer in the future and that the classification system discriminates against their progress. As one submission stated, "The opportunity for advancement is practically nil."

These perceptions came through forcefully in the data sources. In the Tear Sheets, where employees were asked to list three reasons for dissatisfaction with conditions of foreign service, one foreign service officer in four mentioned career advancement. The percentage rose to one in three among those with four to ten years' experience. Similarly, a third of the former foreign service officers interviewed stated that they had left the Service because of poor promotion possibilities. Thirty-eight per cent of officers responding to the questionnaire took the position that their rate of promotion had been slow in the past; almost 60 per cent assessed their prospects for future promotions as 'bad'. Promotion and career advancement possibilities ranked even higher as sources of dissatisfaction for administrative support staff. Thirty-four per cent cited lack of promotions in their lists of causes of dissatisfaction; the figure jumped to 64 per cent among those with 20 or more years' service. In the questionnaire, 67 per cent felt that their rate of promotion had been slow and 72 per cent believed that their future promotion prospects were poor. Eight of the ten former support employees with more than five years' experience who were interviewed gave lack of promotions as the reason for resigning from the foreign service.

Another prevalent perception among foreign service employees was that employees in the domestic public service and in other organizations enjoy a significantly faster rate of promotion. The questionnaire revealed that 70 per cent of foreign service officers as well as 80 per cent of administrative support staff feel that promotion rates in the foreign service are worse than in domestic departments. A related concern expressed by the administrative staff was that the non-rotational personnel at External progressed more quickly than those "slogging [their] guts out in the sticks".

Other than the general recommendations that there should be "more opportunities for promotions" and "better career prospects at all levels and career streams", suggestions pointed to a new classification system, automatic promotions, and weeding out poor performers as well as early retirement to open up more positions at the top. Administrative support staff also suggested the possibility of movement between various classifications as a means of alleviating their career problems. Those employees who accepted the inevitability of slow promotions stressed the need for more money and better career development or enrichment opportunities as means of easing career frustrations.

Career Advancement: Appraisals

Given the frustrations with limited opportunities and slow rates of promotion, it is not surprising that the appraisal system was a source of dissatisfaction. The issue was raised consistently in the submissions and interviews with foreign service employees and with foreign service management.

Specific criticisms of the assessment system were numerous. It was described as a long process, taking much time and effort but resulting in few promotions. As one foreign service officer commented, “We have now reached the point where the requirement for detail and substantiation has turned the process into an annual nightmare.” Good appraisals mean little if there are many good performances but few openings for advancement. “‘Fully satisfactory’ equates to no promotion,” stated one officer. It was also felt that the writing talent of the appraiser is often the most important factor in promotions. Closely related to this perception was criticism of the lack of uniformity in the application of standards in the promotion process. The quality of one’s performance seems to depend on the eye of the beholder. Other officers felt that the appraisal system had too little regard for the generalist, that it was hard to get a good rating when one was absorbed in routine paperwork, and that those who were “prepared to manoeuvre, lobby or ingratiate themselves with supervisors, those who had political connections, pull and friends” were the ones who got ahead.

Administrative support staff added their concerns about the subjective nature of the process, the insufficient consideration given to working conditions and the fact that SCYs often work under a variety of people with the result that no one person is in a position to assess them — or has any interest in their assessment.

Suggestions for modifying the appraisal system covered a wide range of options. Some wanted a system in which ‘high flyers’ were identified and promoted accordingly; others felt the merit principle should be tempered with a greater recognition of seniority. Other proposals were that more weight be placed on different factors — service abroad, age, management skills and so on. To reduce subjectivity, it was suggested that evaluation teams visit posts, that a competition system be instituted or that headquarters evaluate personnel.

Career Development: Planning

Foreign service employees, especially administrative support staff, responding to the questionnaire indicated a great deal of dissatisfaction with career planning. About 80 per cent of the administrative support staff thought the management of careers in the foreign service was inadequate and that career planning was poor. A significant percentage of foreign service officers (60 per cent) expressed the same sentiment.

Employees pointed to the lack of a career plan, inadequate career counselling, the ad hoc approach to assignments and the inadequacies of those with responsibility for human resources management. Administrative support personnel were particularly critical. Some thought, “I don’t feel I have a career, simply a job” and argued that there was a “complete lack of career planning

for clerical staff". Foreign service officers focused most of their remarks on the haphazard process for filling assignments. They bemoaned the "rather ad hoc approach to job selection" and the "absence of adequate responses to reasonable requests for career planning and experience". A common perception among both program and administrative support staff was that there seemed to be a "cynical" approach to personnel management in the foreign service. Trade commissioners, however, did not share this perception and were, more often than not, satisfied with personnel management in the Trade Commissioner Service.

Two recommendations dominated the thinking of employees. The first was that there be greater emphasis on individual career counselling. This could be carried out either by an individual posting officer or by a personnel management professional who would know the employee, and who would map out a career path. Once approved, this plan would be implemented by appropriate assignments and postings. The second recommendation was to revamp the Personnel Division by staffing it "with totally professional personnel management people, not the old school tie group". Personnel specialists, it was thought, would do a better job than rotational officers — who cared little for their assignment and who were just biding their time until the next assignment. Others, however, argued the contrary, that the problem was created by non-rotational staff who did not understand the problems. Where there was agreement was in calling for a more sympathetic attitude to personnel management.

Career Development: Training

There was considerable criticism of training opportunities and arrangements in the foreign service. Training for career development and training for specific jobs were seen to be inadequate, particularly by administrative support staff. Their fourth most frequent recommendation in the Tear Sheets was better career development. Almost one in five SCYs put forward a recommendation on this topic.

The lack of opportunities for training in the administrative work of the department, the absence of courses to upgrade skills and insufficient opportunities to take training courses that would prepare individuals to advance into other categories were frequently-heard complaints. Program and administrative staff also felt that the rotational employee was often left to fend for himself in on-the-job training situations, that language training was often not available to personnel who needed it for their jobs and that performance and productivity were affected adversely by these shortcomings.

To remedy the situation, there were calls for the establishment of a staff college or a Foreign Service Institute for administrative support staff as well as officers. Alternatively, a joint degree program with universities was proposed. These courses would prepare personnel for postings and for advancement into new categories. In another vein it was recommended that there be more opportunities for educational leave, more opportunities for leave without pay, and continuing courses on management and administrative techniques, language, protocol and Canadian studies.

Career Development: Assignments

Discontent with the post assignment process among program and administrative support staff is evident, but it was the latter who showed a much greater level of dissatisfaction. It arose from the feeling that decisions were made without consulting employees and without regard for their stated preferences. Questionnaire responses indicated that 67 per cent of administrative support staff felt that insufficient attention was attached to career factors in assigning posts; 57 per cent thought insufficient attention was paid to living conditions; and 35 per cent felt that family-related matters were not being adequately taken into consideration. Similarly, administrative support staff ranked the assignment process as one of the 10 most significant sources of their dissatisfaction with foreign service life. Discontent among officers, while still evident, was less widespread and related primarily to a “lack of correlation between aspirations and assignments”. Compared with administrative staff, only 38 per cent of officers thought that attention was not paid to career factors, 37 per cent felt living conditions were ignored and only 20 per cent believed that family-related matters were not taken into account.

Other criticisms included the feeling among officers that postings were not always assigned fairly. Reference was made to political appointees, political and bureaucratic connections and ‘pull’ standing between mainstream FSOs and attractive posts. It was felt that senior management or its favorite high flyers hopped between Ottawa, London, Paris and Washington, leaving the others “toiling for years on end in the third world”.

Foreign service employees recommended that postings should reflect the talents, aspirations and interests of individuals and that the system should be more flexible. Many suggested that there should be more communication between posting officers and employees and more advance notice of transfers. More meaningful attention to employees’ preferences in assignment location was advocated (along with the suggestion that more than one refusal by an employee should result in career damage). It was also suggested that package deals (promising an attractive post after a hardship one) be offered. Such a plan, it was thought, would be especially easy to implement for administrative support staff whose functions were seen as similar at all posts. Similarly, it was recommended that hardship posts be shared more equitably as one “must have a reasonable assurance of gaining on the roundabout what has been lost on the swings”.

Career Development: Interdepartmental Moves, Secondments, Lateral Transfers

The idea of opening up the foreign service to members of the domestic service as well as making movement from the foreign to the domestic service much easier produced a variety of comments.

Most foreign service officers generally supported the idea of a separate, rotational career for the Service in which each member starts at the same level, has a fair share of good and difficult posts and then accedes to positions of responsibility. Lateral entry to the Service came under heavy criticism. It was

felt that lateral entrants would shut off avenues of promotions and would take the desirable posts, leaving the undesirable ones to foreign service personnel, and that the process was unfair and “bloody discouraging to those who came in via the very competitive traditional route. Lateral entries reduce the incentive to service in hardship posts and ruin the professional foreign service.” Although there were several comments in favour of ‘lateral exits’ and easier transfer to the domestic service to counterbalance any lateral entries, foreign service officers felt that they would have difficulty in interdepartmental competitions, except perhaps for those at the most senior levels. Administrative support staff generally favoured a much greater interchange between the domestic and foreign services.

There was less antagonism toward secondments. Many foreign service officers felt that single assignment officers, especially those with technical expertise, enriched the foreign service. They also felt that secondments to other government departments or private industry were excellent experience for FSOs and were a way to opt out temporarily from the rotational stream. On the other hand, there was a sentiment that foreign service officers could do many of the tasks currently assigned to seconded personnel if they had the opportunity. It was also felt that secondees, like lateral entrants, often took the desirable positions in Class A posts and left the difficult positions to the foreign service.

Recommendations focused on three areas. Foreign service officers wanted a reaffirmation of the career foreign service and protection against what they feared might be a wholesale influx of lateral entries. At the same time they called for less resistance to secondment on the part of foreign service management and more flexibility to opting out temporarily from rotationality. Both administrative and program staff supported easier access to the domestic service for those who decided to leave the foreign service.

Recruitment

Recruitment was discussed rarely in the submissions and Tear Sheets. There were, however, several recommendations concerning recruitment. These included proposals that FS-1 salaries take account of past work experience, that all FSOs enter through a common stream, that more women be on the recruitment teams, that departments seek to represent adequately the Canadian mosaic in hiring practices, that some background in Canadian studies be required of candidates, and that more emphasis be placed on finding recruits who have a sense of dedication.

The year following recruitment is referred to as the ‘developmental year’. Recent recruits to the Department of External Affairs and others have criticized the manner in which the developmental year is used and have recommended improvements. (The training year for new Trade Commissioners at IT&C was generally viewed favourably.) It was argued that all recruits should undergo a standardized training program including exposure to a functional, an administrative and a geographic division, a temporary posting abroad and a cross-assignment to another department. The re-introduction of a

cross-country tour was recommended as well as the introduction of more practical orientation seminars concentrated at, but not confined to, the beginning of the developmental year. The quality of the supervision provided new recruits was thought to be inadequate. The opportunity to partake of official language training (and foreign language training) was strongly advocated. In sum, it was considered that the developmental year provided inadequate preparation for careers in the foreign service.

Foreign Service Employee Group

One proposal for major reform of the system for managing human resources in the foreign service calls for the establishment of a foreign service employee group as a new and distinct occupational group. Under different guises and formulations, the idea enjoyed a large margin of support among administrative support staff, who placed it among their ten most frequently made recommendations in the Tear Sheets. Members of the secretarial group were particularly favourable toward this concept.

According to these advocates, the establishment of a foreign service employee group would have several benefits. It would allow the vertical integration of all job categories, which would provide career progression from bottom to top, in place of the artificial distinctions of job categories by public service classifications. A unified category would eliminate the artificial separation between officers and support staff. Improved access to officer ranks for talented and motivated administrative support staff would open new career prospects and solve many of the morale problems arising from a blocked career structure. Finally, it was argued, a separate classification for foreign service employees would foster greater recognition within the central agencies in Ottawa of the unique nature of human resources management in the foreign service.

Conclusions

1. Our major conclusion is unavoidable. Personnel management has been seriously undervalued in the foreign service and a great deal more attention must be paid to it in the future. The Glassco Commission's observation that the various personnel management functions "require persons with special skills and sufficient permanency on the job to provide a strong supporting base for the primary functions of the Department" remains as valid today as it was in 1963. The need for "special skills" and "sufficient permanency" implies that the personnel management function should be staffed with professional personnel managers. But at the same time, the peculiarities of personnel management in the foreign service call for the involvement of officers with concrete, first-hand knowledge of conditions of work and life abroad. One method of meeting the dual needs of continuity and professional management and practical experience abroad might be to introduce 'twinning' arrangements throughout the administrative units at headquarters. That is, if the senior manager responsible for a particular function were a non-rotational employee, then his

deputy should come from the rotational service and vice versa. This would help to establish greater continuity in all administrative functions while introducing the essential element of first-hand knowledge of the conditions of foreign service. We must emphasize that the continuing administrative functions of the Department cannot be adequately discharged by rotational personnel with little training or interest in them. Glassco's warning against the "flooding of headquarters with officers trained for diplomacy, assigned, on returning home, to administrative and service tasks for which they may be ill-equipped" remains valid.

2. Consolidation will put new pressures on the personnel management function in the Department of External Affairs. If the Department is to have any success in discharging its responsibilities for the management of people, it is going to have to devote substantial professional resources to the task and to addressing the very serious problems that are reflected in employees' perceptions of the existing system. Although some of these perceptions may be founded on self-interest or misunderstanding, they cannot be discounted because they reflect a profound lack of faith in the integrity and effectiveness of the system. It seems clear that the system will have to be substantially revised and strengthened if employees' concerns are to be met.

3. One aspect of personnel management lies outside the control of the Department — the collective bargaining system and the present organization of bargaining units. One element binding people together at posts is their rotational lifestyle. It is the central reality of their working lives, but it is not recognized in existing bargaining structures. We have heard suggestions that a single bargaining group would be more effective in representing the foreign service reality. We are inclined to agree, not so much because we believe that employees would necessarily be better represented, but because we are convinced that the existence of a single bargaining unit would force management to focus more sharply on the problems encountered in working abroad. We also believe that morale would benefit. There are a number of difficulties and dislocations involved in altering existing bargaining arrangements; nevertheless, it is in the overriding interests of employees for management, the bargaining units and the central agencies to explore the possibility of establishing a foreign service employment category or a separate bargaining group. However, any action taken in this regard should not further isolate the foreign service from the domestic public service or introduce additional barriers between them.

4. A different approach to a number of specific personnel management activities should be taken. Although we are reluctant to draw specific conclusions with respect to these functions, there is some benefit in indicating the directions that should be pursued.

Recruitment

5. In the past, recruitment has tended toward either feast or famine. In the future, particularly in a consolidated foreign service, greater emphasis should be placed on achieving regular annual recruitment rates. To achieve this,

planning will have to be much better than it has been and co-operation between the central agencies and the Department will be critical. Maintaining relatively constant rates of recruitment is important to making a foreign service career viable and attractive. It will also be increasingly necessary to develop recruitment profiles that are consistent with the requirements of the operational workload and with the development of 'streams' within the foreign service. The recruitment of officers has tended to be almost exclusively from universities; this approach should be re-examined. Given the operational role that the foreign service must play, current resistance to lateral entry at more senior levels may have the effect of denying the Service access to the skills and expertise it requires.

6. With regard to administrative support staff, the practice of requiring that even experienced personnel enter the foreign service only at the most junior levels is one that breeds dissatisfaction and damages morale when individuals perform jobs for which they are over-qualified.

Career Planning, Development and Training

7. Career planning and development in the foreign service are often made difficult by the demands of a rotational system and the continuing pressure to fill vacancies, which combine to defeat career plans. This situation will persist unless assignments are made within a set of guidelines that take into account career development needs. This suggests that there should be a 'career pattern' that applies in a general way to large groups of foreign service employees — for example, a career pattern for officers and a career pattern for administrative support staff. Individual assignments of officers or support staff should then be tested for consistency with the career pattern. This would allow substantial flexibility in individual assignments but at the same time provide a measure of assurance that the total developmental needs of the Service would be met.

8. The career pattern for officers could comprise a number of 'blocks' representing packages of experience that should be part of the development pattern for most officers. In theory this is done now — but it is not being done consistently or effectively. There is no well-established general pattern that incorporates training needs or the need for experience in domestic departments. In too many instances the 'pattern' depends more on happenstance than on established priorities and needs.

Training should be built in as one of the career pattern components; an officer assigned to a training program would thus be on a career assignment no different from a posting. Training assignments might vary according to the needs of the Service and of the individual. They might take the form of secondments to domestic departments to acquire expertise or experience; assignments to public service or private training programs in Canada or abroad are another possibility; yet another would be assignments within the public service but outside the foreign service operational stream — to a central agency or policy unit, for example.

9. For administrative support staff, the career blocks should have a similar range of options for training. Career development packages should include assignments to domestic departments or agencies and to occupational and management-oriented training programs. The movement of administrative support staff into domestic departments will likely be achieved with greater ease than the movement of officers. The usual public service competitive processes will throw open a range of opportunities and there will be a number of headquarters administrative assignments that can and should be used to provide support staff with opportunities to acquire expertise in areas that will contribute to their career progression. One of the central objectives of this progression should be the development of a strong core of foreign service administrators. Administrative support staff must have the opportunity to enter officer ranks and administration provides a logical route to follow.

Cross-stream assignments for officers and cross-function assignments for administrative support staff should constitute other blocks in the career pattern. Still other blocks might be composed of post-related experiences. A wide variety of experiences is available at posts, determined by such characteristics as size, the nature of relations and operations handled by the post, the degree of hardship and so on.

10. The career pattern should not be a blueprint to be followed slavishly; it should be a means of identifying and developing the skills and experience necessary to meet the needs of the Service and adjusted to the degree possible to conform with the interests of individuals. It is no more than a pattern that should indicate the general shape and direction of foreign service careers.

11. Career plans for individuals are quite different. Few organizations can develop individual career plans for each employee — they involve too many variables and provide too little room to accommodate the legitimate needs of the organization. Detailed, personalized career plans should be developed only for those individuals, whether officers or administrative support staff, who have shown outstanding potential for advancement to higher levels. For most employees, the best that the system can reasonably be expected to provide is assignments with a degree of consistency and logic in relation to geographic, functional or stream criteria and adequate opportunities to develop their interests and skills.

12. In a consolidated foreign service, the need for orientation training will become even more important than it is now. Staff at all levels must be made aware of the general pattern of organization at headquarters and at posts, of the general nature and responsibilities of operational programs, and of departmental responsibilities for each policy area. A mandatory program of familiarization should be set up to meet this need.

13. If career development is to be meaningful, individual needs will have to be met through a carefully planned process of training and assignments. Posting policy will have to pay more than lip service to career development concerns if there is to be any assurance that required levels of expertise will be available to the Service when needed. In a career foreign service, management must recognize its responsibility to ensure that individuals have access to the

training and work experience that are essential to their professional development and career advancement. There are cost implications in providing a career development program within the foreign service. It is vital that these costs be identified, that appropriate priority be assigned to them and that the central agencies and the Department co-operate in developing a program that meets all the needs identified here.

14. There is clear evidence that administrative expertise, as a factor in career development, has been seriously undervalued in the foreign service, notwithstanding its importance in the management of a rotational service. In the training and development of administrative support staff, particular attention should be paid to establishing a clear line of promotability to officer levels in the Department. There will certainly be room for talented employees for whom rotational life has lost its appeal to play increasingly useful roles in the non-rotational parts of the Department. Assignments of this type should be, if not a 'block' within the career pattern, then an option on leaving the rotational system.

Promotions

15. Promotions at all levels within the foreign service seem destined to remain slow. This is a fact of life that the foreign service must face and acknowledge openly so that those entering the Service are not misled. There is now no adequate means of addressing the problems arising from limited promotion opportunities and high expectations created at the time of recruitment. There are a variety of mechanisms that might be used to reduce expectations or establish a more regulated flow for the few promotions likely to be available each year. Minimum time in rank provisions, the use of qualifying or trade examinations, the establishment of mandatory training programs — all are devices that should be considered and around which useful programs might be developed. These approaches are, of course, aimed at reducing expectations and slowing progression, but there is another side to the coin. There is little doubt that longer experience often enhances the contribution individuals can bring to the system. Salary progression based on both seniority and successful completion of a qualifying or training program might provide an incentive that would compensate partially for relatively slow career progression.

Appraisals

16. No appraisal process, however complex, can escape being a judgement by one individual or group of individuals about another individual. This is true in any organization, including the foreign service.

Additional difficulties are created, however, when the appraisal process is used to address too many issues at once. Managers must evaluate performance and do so with a view to salary adjustments; this process should be based on measuring results against previously agreed-to expectations on the part of the manager and the employee. In the foreign service, however, the same process is

also used to assess promotability and identify training and development needs. There is a clear need to separate *performance* appraisal from *career assessment* appraisal. The cycle should be different, the forms should be different, and the degree, level and character of the exchange between manager and employee should be different.

17. Career assessment appraisals should deal with an employee's promotability and his development or training needs. Headquarters will have to take a relatively more active part in this process; professional career counsellors and managers, rather than line managers, will have a significant role to play. On the other hand, performance appraisals are clearly the responsibility of line managers and headquarters staff should have no direct involvement.

Career Counselling

18. Professional career counselling and management for all employees is a fundamental requirement of a career foreign service. Meeting this requirement, however, demands a level of continuity and professionalism that is unlikely to develop if responsibility for it is assigned exclusively to rotational employees. But the function must also be discharged by someone with concrete, first-hand knowledge of the conditions of life abroad. As discussed earlier, one method of meeting these needs is to ensure that the senior manager responsible for the function and his deputy do not both come from either the rotational or non-rotational parts of the Service.

Secondments

19. Accepting assignments to domestic departments or to formal training programs as part and parcel of a foreign service career will create a demand for personnel resources that would be excessive if it had to be met solely from within the existing foreign service establishment. Fortunately, that is not necessary; nor is it desirable. There will be opportunities to second employees from the domestic public service to fill vacancies within the foreign service; this movement has been resisted in the past — and the resistance has contributed to insensitivity on both sides that is neither helpful nor productive. The process for selecting secondees from both sides is obviously crucial to the success of the program; the Public Service Commission could and probably should play the role of broker in these exchanges. It could also serve the vital role of ensuring that the individual is not forgotten or overlooked in the process. Even using secondments in this way, there will still be some need for additional resources to cover off employees who are on training. The Department will have to identify these expenses and include them in budget submissions to the Treasury Board.

In the past there has been concern within the foreign service that secondments might eventually mean the loss of highly talented employees from the Service. This is undoubtedly true. But it is also a normal hazard within a large organization and consistent with the fact that we have a single public service with a foreign and a domestic component.

A further cause for concern is the fear that domestic public servants would be interested only in assignments to 'choice' posts. But whether it constitutes a serious impediment will depend on the value attached to assignments abroad by the Public Service Commission and by domestic departments. These assignments have a training value for the domestic public servant and that value must be recognized. It is for this reason we have suggested the need for the Public Service Commission to play an active role in the program of secondments. The training or developmental value of the secondment — and not its location — is the critical factor and this is a fact that both domestic and foreign service personnel will have to face.

THE MANAGEMENT OF THE FOREIGN SERVICE

Introduction

That there has been a failure of management in, and of, the foreign service is patent: there is a fragmentation of managerial authority and responsibility in Ottawa and at posts and a level of mistrust and competition between various foreign service elements that robs the service of effectiveness. There is across the service confusion about role and function, uncertainty about careers, an inflexibility and pettiness in administration that is destructive of morale and esprit de corps. There is in Ottawa, and to a lesser degree at posts, a preoccupation with internal procedure and process at the expense of operations that erodes purpose, obscures objectives and frustrates policy.

The failure of management in the foreign service is not so much the failure of individuals as it is the failure of system. Management does not take place in a vacuum but within an institutional and organizational framework to which it must relate and within which it must function, a framework that limits and to some degree defines the purposes of management and its areas of activity. In the foreign service, however, the institutional interrelationships are not clearly stated, understood or accepted and as a consequence, confusion about basic issues of organization and authority, about responsibility and accountability continues to plague management and fuel debates.

The problems are not new, but they are stubborn and have so far defeated all attempts to resolve them. The Royal Commission on Government Organization (Glassco Commission, 1963), under the heading of "Special Areas of Administration", dealt with the Department of External Affairs and — to a lesser degree — with the foreign service. The report noted that "the increasing

tempo of international affairs has placed new strains on an organization that was originally geared to a more leisurely pace with administration conducted on informal lines". That observation and a great many others in the Glassco report remain as valid today as they were 18 years ago. Certainly language use has changed over the years; 'administration' has come to have a narrower meaning than it was once given and is used to refer more specifically to the processes and procedures that give effect to a plan, program or operation. Similarly 'management', a term seldom used in relation to the public sector in the 50s and early 60s, is no longer subsumed under the verbal umbrella of 'public administration'; it now refers more to the discharge of the general responsibilities to plan, organize, direct and control the activities of an enterprise, be it public or private. But even allowing for these shifts of language, Glassco's observations are in the main consistent with ours, eighteen years later.

Those years have not been peaceful ones for the public service. They have been marked by increasing complexity and sophistication of economic and political interrelationships at home and abroad — and by a very high level of change in bureaucratic systems, organization and management. The introduction of collective bargaining, bilingualism, program planning and budgeting, the appearance of computers with insatiable appetites for information in any form other than that which was readily available, increased emphasis on collegial decision-making by ministers and on the cabinet committee system, a growing awareness that even for governments resources were finite — all had their beginnings in the sixties and contributed to a heightened emphasis on the process and mechanics of management, on the development of better systems for allocating resources, establishing priorities and developing reliable information bases for decision-making. In the foreign service, continuing concern with these problems led to the establishment of a task force, headed by S.D. Pierce, whose mandate was to determine, among other things, "the maximum degree of integration consistent with the most effective achievement of governmental objectives and efficiency in the use of resources".

The task force reported in 1970. Its findings included the observations that responsibility for government operations abroad was fragmented; that there was no comprehensive system of management in Ottawa or abroad to co-ordinate and plan foreign operations or to provide posts with clearly defined objectives and approved programs; that heads of post did not have the requisite managerial responsibility for or authority over the operations at their posts; that there were not adequate programs for training foreign service officers in modern management. The task force summed it up this way:

In the main, these deficiencies are rooted in the absence of a modern comprehensive system of management including effective techniques for co-ordinating policy development, forecasting requirements, planning and co-ordinating programs and managing personnel, finance, property and materiel.

In virtually every important particular, and most certainly with respect to the summary statement quoted above, we can but echo Pierce. Our findings and conclusions are not substantially different. Nor does the parallel end there.

In 1970, integration of the foreign service provided the conceptual framework for the Pierce task force; in 1981, consolidation of the foreign service provides the conceptual framework for this Commission.

Pierce considered two possible proposals for integration — one that “would require vesting in one department the responsibility for implementing the comprehensive management system in Ottawa and abroad, managing the composite foreign operations program and the unified Foreign Service” and a second that would involve “the consolidation of support services only”. The task force favoured the first proposal, warning that although consolidation of support services would probably provide some benefits in improved efficiency and effectiveness at posts, it would not “come to grips with the main issue, namely the need for a modern, comprehensive, orderly management system for foreign operations”. The task force also foresaw difficulties in implementation because of the probable lack of any clear indication of post priorities.

Notwithstanding these reservations — and the earlier observations of Glassco with respect to the Department of External Affairs — it was the second proposal that was accepted and implemented. All support staff were consolidated under the Department of External Affairs, and an Interdepartmental Committee on External Relations (ICER) was established. Chaired by External Affairs, the ICER attempted to reconcile departmental differences and to provide a degree of coherence in planning and operations through the development of country plans and programs, but as Pierce had foreseen, it fell short of providing the foreign service with a “comprehensive, orderly management system for foreign operations”. By the late seventies the initial momentum had been lost and ICER was, for all practical purposes, defunct. For the foreign service the problems remained, exacerbated by time.

In addition to the problems peculiar to its own condition and circumstances, the foreign service could scarcely escape the problems afflicting public service management generally — and they were substantial problems. In 1976, the Auditor General expressed serious concern that financial control over government operations was in jeopardy. The Royal Commission on Financial Management and Accountability (Lambert Commission) reported in 1979 that:

... we cannot accept that priorities and objectives can continue to be set without a full awareness of the financial implications of attempting to achieve them.

The messages were clear, urgent and compelling. Change was indicated. At the centre, the cabinet committee machinery was adapted to provide for more rational policy and resource allocation decisions across broad policy sectors; specific expenditure limits (resource envelopes) were established for the various policy sectors under the appropriate cabinet policy committee; ‘mirror’ committees were set up at the deputy minister level to support the committees of ministers. Departments, including External Affairs, were given assistance from the office of the newly appointed Comptroller General through a series of ‘IMPAC’ (Improvement in Management Practices and Control) surveys. For the foreign service, the wheel has come full circle: Glassco has given way to Lambert, integration to consolidation, ICER to a mirror commit-

tee and a task force (Pierce) to a Royal Commission (McDougall). It seems fair to say that for the foreign service there has been change, but little improvement; the fundamental problems remain, still very much those identified by Glassco and Pierce. It is time they were resolved.

Analysis

Should there be a Foreign Service?

The Commission heard and considered suggestions that the problems would be resolved if the foreign service were autonomous — severed from the domestic public service, its regulation and constraints. At the other extreme, we heard the view that there is no real need for a career foreign service, that its functions could be discharged by assignment abroad of domestic public servants. At issue is whether there should be a foreign service. In our view the short answer is ‘yes’ — but a qualified ‘yes’.

The qualification hinges on the degree of distinctness and separation accorded the foreign service in relation to the public service at large. Too much separation invites eventual isolation from domestic realities and trends and a consequent loss of relevance and representational value; too little invites a loss of professionalism and the consequent erosion of a tradition of excellence that divided management has already damaged seriously.

The essential rationale for the foreign service springs not from its involvement with foreign policy but from its role in carrying out foreign operations and international relations. In the final analysis, foreign policy determination is essentially political; its policy inputs increasingly are, and will continue to be, multi-departmental, frequently rooted not so much in realities abroad as in realities at home. The development of foreign policy is a horizontal or ‘staff’ function — with inputs from ‘line’ departments, including the foreign service, each with its own interests and expertise.

For the foreign service that expertise, which is rooted in foreign operations — in the ‘line’ or day to day activities of posts and missions abroad — consists of the knowledge and skill necessary to manage Canada’s bilateral and multilateral relationships. It provides the basis for foreign service inputs to policy, strategy and tactics; it represents the trade and craft of the diplomat — and the essential rationale for a professional foreign service.

There is a continuing need within government for that expertise in international relations, in the management of foreign operations and the delivery of programs, and for reliable professional input to policy development. The need is best met through foreign service careers of sufficient duration and variety to provide reasonable assurance of the development of the specialized skills and knowledge to provide the necessary professional input.

Integration — and where it went wrong

It was inevitable that the Department of External Affairs should be the hub of an integrated foreign service. From the beginning, primacy of place and position went to External Affairs and the ‘diplomatic service’. Whatever the

predominant Canadian interest in a particular country, the Embassy or the High Commission provided the official conduit for information — and in bureaucracies, access to and control of information is power. Abroad, the perks, privileges and conventions of diplomatic office reinforced the pre-eminence of the diplomatic service; at home, the responsibility and privilege of advising the government on international relations and foreign policy — the totality of Canadian interests — generally assured the Department of the influence and leverage necessary to preserve its position of primacy.

The Department and the diplomatic service were shaped by that reality and organized in consequence of it. Relatively small, policy-oriented and built around and led by a core of truly exceptional public servants whose policy and diplomatic skills commanded loyalty and prompted imitation, the Department and the service rested on a high level of individual excellence and performance rather than on any clearly defined role, process or system. Certainly the Department remained singularly unaware that its primacy of place, coupled with the increasing size, sophistication and complexity of Canada's interests abroad, were thrusting it into the role of manager of foreign operations and of the foreign service. Singularly ill-prepared for a role it neither wanted nor consciously sought, and which it has still not fully accepted, the Department was, in structure, organization, interest and inclination, a 'staff' department. But its role has increasingly become a 'line' role.

The transition from a staff to a line role is neither easy nor automatic, and little attention was given to providing External Affairs with the direction, authority and assistance it needed — and clearly still needs — to effect that transition. The integration decision reinforced and accelerated the evolution of External Affairs from a staff to a line department without in any significant way improving its ability to discharge the management role it was being given. Glassco had warned of weaknesses and lack of continuity in the basic administrative and support functions of the Department, of "a lack of understanding of other departments and their programmes", of the dangers of the service becoming "too inbred" and of the difficulties for management inherent in operating a rotational system. Had more account been taken of those caveats by the central agencies of government, it seems clear that there would have been greater emphasis placed on strengthening the management structures and organization of the department prior to integration to better equip it to deal with its changing role — and, very probably, a sharper focus by both the Department and the central agencies on the nature and definition of the foreign service, of its relationship to the domestic service and on the identification of the inherent overhead costs of maintaining it. These questions remain largely unresolved — and yet they are basic to management of the foreign service.

Consolidation — is it the answer?

To the degree that consolidation focuses management responsibility for foreign operations and for the management of people in one place — the Department of External Affairs — it is an encouraging and necessary step toward the development of a coherent approach to management. But it is only a first step, and an uncertain one at that. The failure to integrate fully the

Trade Commissioner Service under the same management authority as the other elements of the foreign service is an anomaly that may ultimately confuse and weaken the thrust toward the establishment of the clear lines of authority, control and accountability that have been lacking in the foreign service. The uncertainty is accentuated by the nature of the agreement signed between CIDA and External Affairs (with the approval of the central agencies). It contains a sufficient number of ambiguities to cloud operational authority, defeat accountability and frustrate what seemed to be reasonably clear political direction and intent. Indeed, the very fact that such an agreement between a department and an agency reporting to a single minister was thought to be necessary — and that both major central agencies, the Privy Council Office and the Treasury Board Secretariat, also signed it — is eloquent testimony to the divided nature of management authority in and over the foreign service.

More serious still is the failure of the consolidation proposal to move toward any substantive resolution of the practical difficulties involved in converting External Affairs from its staff/policy orientation to full acceptance of its role as the manager of foreign operations and of the foreign service itself — that is, of the people involved in those operations. From the brief presented to the Commission it seems clear that External Affairs has not yet faced up to its operational responsibility within a consolidated foreign service; it remains preoccupied with policy, its energy and attention focused on Ottawa and not on the posts abroad and their management. There is no clear direction of the process of consolidation by either the central agencies or by External Affairs, no meaningful attention even to such basic issues as clear identification in the budget of the overhead costs of maintaining posts abroad and providing necessary services to the people who staff them. Without far more precision in the budget, it will continue to be next to impossible to make rational decisions between competing programs, to establish and defend the legitimate needs of the foreign service and to argue successfully for resources with Treasury Board. Vagueness and imprecision in Ottawa, at headquarters, is likely to lead to confusion, frustration and ineffectiveness at posts and in the delivery of programs — and to exacerbate already severe morale problems.

Although it moves some way toward recognizing the need for more unified, accountable and coherent management of the foreign service, consolidation fails conceptually by excluding the junior trade officers from the management control and authority of External Affairs. In addition, at the level of execution, the CIDA/External Affairs agreement appears to cloud still further the operational control and accountability issue. More basic is the failure of consolidation to take account, in organizational and structural terms, of the real and predictable difficulties External Affairs is likely to encounter in attempting to move from a staff to a line role. Nor has provision been made to resolve the inevitable disputes over resources and priorities that will arise as External Affairs attempts to deliver programs for other departments — departments whose policy decisions may, if the central decision-making machinery is not finely tuned, overburden a foreign service already confused about its role and uncertain of its future. In the final analysis, responsibility for the success or failure of consolidation rests not so much with External Affairs and the foreign service as with the central agencies, principally the Privy Council

Office and Treasury Board, who must ensure that the necessary organization, structure and resources are in place and that the separation of policy and operations leads to clear lines of authority and accountability. Consolidation does move in the right direction, but the process needs more effective and focused attention than it is getting from the central agencies and from External Affairs.

The Foreign Service — the way it is

Although the foreign service lacks precise definition and clear organizational identity, there is nonetheless a continuing corps of public servants who, regardless of departmental loyalties and affiliations, think of themselves as the foreign service — and who have, over the years, taken justifiable pride in their role and in their performance. The people are still there but the confidence and pride of service have been eroded substantially.

This is the frustrating but inescapable conclusion that emerges from the Commission's interviews with employees and spouses at 55 different posts and that is reinforced with depressing clarity by the responses to the Commission's questionnaire. The image that emerges is of a service overburdened by pettiness and triviality in the administration of people, material and benefits; a service in which both minor and major problems are too seldom resolved at posts, where too often they are resolved by recourse to Ottawa, a process that is slow, impersonal and costly; a service in which hierarchy and legitimate differences of position and privilege have been exaggerated and distorted to produce a substantial category of 'second class citizens' — a social and professional stratification as unrepresentative of Canadian society as it is destructive of morale; a service that too often appears insensitive to the stress and dislocation it places on families; a service in which career advancement is stymied and career development ignored; and finally, a service in which purpose and pride have been blunted by management too fragmented to be effective.

It is not an encouraging picture, and it is not surprising that it has produced a foreign service population that can be characterized fairly — but thankfully not universally — as demoralized, mistrustful and frustrated. Fortunately, there remains a substantial degree of individual dedication to and belief in the value of the foreign service and the role it can play in pursuing Canada's interests abroad. This is of critical importance in any organization, but particularly in the foreign service.

By its very nature, a foreign service is more directly involved with and has a greater impact on the lives of its employees and their dependents than is usually the case in the domestic bureaucracy. With 119 posts abroad, there is no way of avoiding substantial movement of people — and that movement is expensive and disruptive for the service and for individuals and families. There are problems of adjustment to varying and diverse social, cultural, economic, political and educational milieux, and these can be compounded by language difficulties, by climate and geography. There is no consistency in the standards, availability and costs of such basics as health care and education. A functional social infrastructure cannot be taken for granted abroad and at home, the Canadian infrastructure cannot always be adapted to the discontinuity of

foreign service life as simply and painlessly as one would hope. There can be and frequently are obstacles to re-entering the educational system and health insurance schemes on return to Canada; there can be problems in handling mortgage, insurance, credit and investment transactions from abroad — not to mention tax problems. There are a host of disruptions related to family life and problems in the mechanics of travel, storage and shipment of personal effects.

Although many, if not all, of these problems affect members of the foreign service directly, they affect them in their private rather than in their professional capacity; this is a fundamental departure from the nature of the domestic public service. The problems reflect a level of dependency of individuals and families on the capacity of the 'system' to provide the stability, concern and process necessary to attenuate the disruptive effects of rotational life.

When the 'system' fails, as it has, the resulting erosion of confidence and morale spills over into professional life as well. The problems may be administrative, but responsibility for ensuring that an effective system is in place and staffed with properly trained and motivated people rests with management. The failure is a failure of management and not merely poor administration — which somehow sounds a lesser sin. Poor administration there has been and is, but that is the symptom, not the disease; the disease is inadequate management.

The Management Problems

Conducting operations abroad is expensive and difficult in the best of circumstances — and the circumstances that now obtain are not the best. Canada has 119 posts abroad. There is no magic or logic in that number; in fact, there is little evidence that in so basic a consideration as the number and location of our posts abroad there has been any substantial element of rational choice between alternative patterns of organization of posts and services. Nor is there any indication of a clear or adequate understanding and acceptance of the notion of basic overhead costs in operations abroad — or of the need to establish standard costs. Operating a foreign service — that is, placing and keeping people abroad — entails inherent overhead costs, but those costs are nowhere identified in any clear fashion. Consequently, there is a randomness in the provision of the basic elements that materially affect the well-being and morale of the people serving Canada's interests abroad.

In Ottawa, given the fragmented authority over foreign operations and the absence of a single, identifiable 'manager' of either foreign operations or the foreign service, it is perhaps not surprising that there is not the coherence in planning, or the identification in budgets, of the needs, costs and priorities attached to the human, material and financial resources necessary to maintain an effective foreign service or to manage Canada's foreign operations effectively. One clear consequence is that there is no meaningful framework for decision-making, for making choices between alternatives when restraint is necessitated by competing demands or austerity. Another consequence, perhaps the most evident one, is the apparent insensitivity of the system to the effects of its decisions on both the people and the operations abroad. The result is that the foreign service is increasingly disadvantaged in the competition for scarce

resources and runs the risk of dissipating its energy and resources in meeting internal demands at the expense of operational effectiveness or at the expense of the provision of essential services to its members.

At posts the situation is scarcely better. The head of post, if he is to manage, must be able to make decisions with respect to the allocation of resources between programs, to be consulted with respect to the relative priority between competing needs whether program or administrative. He needs a budget and control over that budget; he needs authority delegated to him and the freedom to exercise that authority; he needs an agreed plan and priority structure to provide the framework within which he can manage his post and programs; he needs a responsive headquarters organization with clear delineation of functions that is also accountable for results, as he must be. He needs a departmental and central personnel management system that helps him resolve problems rather than, as is too often the case now, one that exacerbates them. Finally, he needs to know that his knowledge of the country to which he is accredited is usefully integrated into the policy development process. In short he needs to be trusted, held accountable — and respected. And that is not happening — nor is it likely to happen until there is more coherence in the organizational and institutional framework in Ottawa.

These weaknesses are reflected not only in general management of the foreign service but also in the more specialized areas of personnel and financial management. The lack of a clear organizational structure for the management of foreign operations and of the foreign service has contributed to fragmented and unsatisfactory development of the personnel and financial control functions; both are seriously undervalued and deficient.

At the root of the failure of the personnel management system is the failure to develop any clear rationale for a career foreign service within the context of the broader public service. Too little thought has been given to the interrelationship of the foreign service and the domestic service — and to the best ways of managing that relationship in the national interest. The present compartmentalized ‘two solitudes’ approach has led to a level of mistrust between the foreign and domestic services that is counterproductive and it will have to change. Without the opportunity to acquire broader experience and develop more diversified knowledge and skills, the professional development and judgement of the career foreign service person are hampered and there is little reason to expect that he will be able to have a significant impact on policy development or on decision-making generally.

Greater exposure to and involvement with domestic bureaucratic and political process, in central agencies and in departments, is a *sine qua non* for the foreign service, an essential part of their professional baggage — and an element they must acquire if they are to have the credibility within the bureaucracy necessary for them to function effectively. And it is a two-way street. Domestic public servants are no better equipped to understand the complexities of operations abroad, the constraints imposed by diplomatic convention and by social, political and economic infrastructures that are radically different from those in Canada and that ultimately may defeat ‘made in Canada’ policy approaches. The government and the country can ill afford a continuation of the *dialogue des sourds* that has characterized relations

between the foreign and domestic components of the public service. Both are servants of a single master and the barriers between them are largely artificial and unnecessary, rooted more in bureaucratic imperatives and rigidities than in rational or functional differences. That, too, must change, as must the attitudes that have not only allowed this cleavage to occur but have fostered it.

There need be no monopoly on blame; there is enough to go around. For its part, the foreign service has resisted lateral entry and secondment from the domestic service, adhering rigidly to a closed system founded on 'rotationality' as the essential basis of the career system and for the distinction between foreign service employees and their domestic counterparts. Yet rotationality increasingly is in conflict with a number of societal and individual pressures. The tendency of more spouses to pursue professional careers or to work in order to provide a second income, the social tension and economic distress being experienced in many areas of the world, the relative affluence and attractiveness of the Canadian lifestyle are but a few of the pressures that tend to make rotationality less attractive as a lifestyle — and more suspect as a principle.

The central agencies concerned with personnel management have not performed any better. They have failed to recognize the degree to which personnel management in the foreign service is limited by the absence of clear managerial authority and complicated by the requirement to carry out operations at a large number of locations around the world with differing social, economic and physical conditions of life. Nor have they taken adequate account of the constraints imposed by the fact that policy and administrative decisions affect non-employees, that is, the families of the employees. They have not shown sufficient imagination or flexibility in adapting policy and procedure to the legitimate needs of the foreign service and this, too, has exacerbated the problems in foreign service personnel management.

Consolidation provides an opportunity to re-define and re-think the basic structure of the foreign service and its career system as well as the interrelationship of the foreign and domestic services. Both External Affairs and the central agencies will have to co-operate more effectively and display more flexibility than they have shown in the past if there is to be any significant progress in the personnel dimension of foreign service management.

In the other key area of concern, that of financial management and control, the outlook is somewhat better. Although it remains far from satisfactory, the problems are at least being addressed. At the centre, more emphasis has been placed on establishing greater control at the political level over the management of policies and expenditures. In departments, the Office of the Comptroller General (OCG) has launched surveys directed toward 'Improvement in Management Practices and Controls' (IMPAC). These surveys are intended to provide the basis for multi-year plans to be developed by departments with the assistance and co-operation of the OCG. The IMPAC study carried out in the Department of External Affairs identified the lack of specificity in planning and budgeting and the absence of a clear structure of accountability. Work on the development of appropriate plans is underway and we are confident that this will lead to significant improvements in the financial management and control systems within the Department.

However, as noted earlier, management authority over the foreign service is divided — and may remain so under current plans for consolidation. In addition, the organizational and institutional framework is uncertain, there is confusion about role and function, and finally, there is a substantial morale problem. All of these combine to exacerbate an already difficult and complex problem both for the management of the foreign service and for the Office of the Comptroller General. Developing a responsible and effective system of financial management and control will not be easy and it is bound to take time — but a beginning has been made and progress can be expected. It is doubtful that more can be done in this area at this time.

However, in two related fields, budgeting and accountability, there is both the opportunity and the need for more precise focus and more rapid change than is possible in the development of a comprehensive and integrated financial management system. In both the management of foreign operations and the management of the foreign service, budgeting is seriously deficient. Given the confused and divided responsibility for the management of both operations and people, this is not surprising.

The major consequence of this deficiency is that when funding is reduced there are no means of establishing any effective distinction between ‘touchable’ and ‘untouchable’ items in the budget. There is a significant risk that in the absence of clearly identified costs and priorities specifically built into the budget, cut-backs that should be met by reducing the levels of program activity or by organizing them more effectively will, inadvertently, come out of the hides of foreign service employees and their families through curtailment or denial of services essential to them. This is not management, it is abuse — and it represents an unacceptable level of risk that is heightened in periods of austerity.

Consolidation, to the extent that it brings budgeting and control of funds within the ambit and control of the head of post, will be a positive improvement. Unfortunately, if management control over foreign operations and over the foreign service itself remains divided — and that seems to be the outlook — planning will remain tentative and ineffective and that improvement in budgeting will be largely cosmetic. Responsibility for ensuring that an adequate system is in place and is properly funded to meet the legitimate and essential needs of the foreign service must rest with headquarters. But the first requirement is a headquarters with not only clear responsibility and authority, but also an awareness and acceptance of them. And that condition has never been met. The Department of External Affairs has been given most of the responsibility in question but has not had the requisite authority and has been distracted by its policy role. Consolidation could partially resolve the problem by placing full responsibility for the management of the foreign service and the delivery of programs squarely with the Department of External Affairs. It would be a first step toward establishing the organizational framework essential to the management of foreign operations and of the foreign service, and toward a system of budgeting that clearly identifies and provides for the ongoing costs of maintaining an effective career foreign service. Until that has been achieved, there can be no meaningful accountability and very little management.

Conclusions

Structure

One central conclusion is inescapable: there must be greater emphasis and more constant and consistent focus on line management — that is, on the management of foreign operations and on the management of the people involved in carrying out those operations.

This need can best be met by establishing a distinct organizational entity charged with, and accountable for, the management of foreign operations and of the foreign service itself, that is, of the people.

There are several approaches possible. The most direct method would be to establish a department of foreign operations under its own statute or through revisions to the existing External Affairs Act. Such a statute would not only establish a focus for management and accountability but could also define head of post authority more concretely than has been the case in the past. It would also open the door to a complete overhaul of the cumbersome and unwieldy bureaucratic structure that has evolved over the years at External Affairs headquarters. It would permit the re-thinking of post organization and distribution, allowing, and quite possibly forcing, consideration of the optimum use of resources — specifically, whether 119 posts are really necessary or whether some form of regional ‘full function’ posts could not serve as hubs for a number of more limited, program-specific posts.

Another approach would be to revise the organization of the Department of External Affairs to provide much greater emphasis on operations. This would involve substantial dismantling of the existing headquarters bureaucracy, which is too compartmentalized. Leadership of the operations function ideally would be located at the under-secretary level in order to provide reasonable assurance that its importance was recognized in fact as well as theory.

A final option is to forego any significant organizational change and simply trust the pressures of consolidation, of the Comptroller General, of the new management category (SM/EX) to move the department toward devoting more attention to its operational responsibilities. This approach does not involve any traumatic organizational change, but neither does it do much to improve operations, lift sagging morale or restore pride and confidence. Whether the Service can suffer through another 10 years of confusion and delay is moot.

Organization

Our second major conclusion is that the failure to recognize organizationally that foreign policy development and co-ordination is a staff role, functionally distinct from line management, contributes to interdepartmental conflict and distracts line management from its operational responsibilities.

Foreign policy co-ordination and development must be recognized as a distinct function and given a degree of organizational separateness from line management sufficient to eliminate existing role conflict and confusion.

The headquarters organization of External Affairs has proliferated into a series of bureaux and divisions, each vitally concerned with some aspect of policy. The process of gathering the information necessary to produce policy advice or options has become too slow and too cumbersome. The relative indifference to inputs from posts has effectively cut off senior management from its traditional sources of expertise and excellence: the knowledge of the people on the spot. External's ability to provide the co-ordination and leadership necessary for coherent policy advice and formulation is suspect, eroded by the mistrust of other departments — mistrust based either on their own narrowly perceived interests or on the substantial degree of mistrust of External Affairs that has developed as field operations were subjected to increasingly petty and indifferent direction.

That mistrust is there, it is palpable, and it will not disappear easily or quickly. Consolidation is unlikely to attenuate it; indeed, it may well exacerbate it if the general level of management does not improve. The introduction of the envelope system for allocating resources may well prove a more effective means of sorting out the allocative decisions than any of the previous mechanisms, but External will still not be trusted: it wears too many hats. It is likely that when a foreign policy choice is made that is perceived to work to External's advantage, the other players will see in it an abuse of External's committee chairmanship or of its operational mandate, whether or not such abuse exists. They are damned if they do and damned if they don't.

Clearly the options for dealing with policy are not unrelated to those dealing with operations. If operations are dealt with by creating a department of foreign operations, foreign policy could be dealt with by the creation of a Ministry of State. A foreign policy ministry could remain quite small, drawing its staff on secondment from the foreign service and from domestic departments according to its needs. This option might reduce the level of mistrust and provide the necessary co-ordination of various departmental inputs.

If the foreign operations function is dealt with as a separate entity within External Affairs, the policy function would also become separate within the department, possibly with its own under-secretary. This would represent a less dramatic change but would do little to reduce current levels of mistrust. Effective co-ordination of inputs would still be hindered by that mistrust.

Personnel Management

The difficulties of managing people in a rotational service have been underestimated by both foreign service departments and central agencies.

Whatever pattern of foreign service management is adopted, there will have to be recognition that one of its key responsibilities is the management of people, of the foreign service itself. Personnel management will have to be on an equal footing with the management of operations.

The rotational career pattern will have to be modified to take better account of the practical difficulties inherent in that lifestyle. The most feasible approach is to design foreign service careers that allow and encourage periods of non-rotational service with domestic departments without prejudice to the individual's return to the rotational service. These periods of non-rotational service might well open the door to a more widespread use of domestic public

servants for assignments abroad while allowing the foreign service more flexibility to respond to the individual and family needs of its members at various stages of their careers.

Central agencies will have to assist in developing the program of secondments, but they must also recognize that greater flexibility is needed in managing a rotational work force and they must make reasonable accommodation to the needs of that group of public servants.

Authority of Heads of Post

The responsibilities of heads of post, and particularly their authority and accountability, must be clarified and reinforced.

The role, authority and responsibility of heads of post should be clearly set out. One approach would be to include in a revision to the External Affairs Act, or in any new legislation that might be introduced to replace it, a clear statement that in his country of accreditation the head of post is responsible for:

- representing Canada
- the management of the post and the programs
- the management of personnel
- the provision of necessary support services to both employees and their families
- the preparation on an equal basis with headquarters of a country-specific operational plan and budget

Financial Management

Finally, we conclude that more emphasis is needed on financial management, particularly planning and budgeting, as a means of focusing management attention on results, in order to provide a basis for rational decision-making, and as a means of identifying where responsibility rests.

There is a clear need to ensure that the overhead costs of maintaining and operating a foreign service are clearly identified in budgets, at posts as well as headquarters. It also seems clear that the head of post cannot be held accountable for the management of his post unless he has an adequate budget and control over it.

The co-operation between the Office of the Comptroller General and the Department of External Affairs with regard to the development of a more integrated and comprehensive financial management system is promising. It should be pursued vigorously; in the medium and longer term that process will contribute to more responsible management. In the shorter term, there would be significant advantage in focusing a great deal more attention on the budgeting process and in enhancing the role and participation of heads of posts in that process. Individual foreign service members at posts must know that effective managerial authority is vested with the head of post and that he has both the responsibility and the means of assuring that their legitimate needs are met. The key to that is more precise budgeting.

PART III

Background Papers

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FOREIGN SERVICE FINANCIAL PACKAGES: A COMPARATIVE REPORT

Introduction

Undertaken within a larger investigation of compensation and benefits, the objective of this paper is to analyze various approaches to determining the financial packages of expatriate employees and to compare them with current policies and practices under the Canadian Foreign Service Directives (FSDs). More detailed information on the FSDs can be found in Part II in the staff report on "The Foreign Service Directives".

Our major difficulty in this comparative study was the identification of systems similar to that established for the Canadian foreign service. It soon became evident that it would be almost impossible to find other organizations, whether domestic or international, with strictly similar approaches or equivalent financial conditions for their expatriate employees. Nor did any other group perfectly resemble the Canadian foreign service to the extent that a precise comparison could be established.

First, the basic definition of 'foreign service' is problematic. Although many Canadian organizations have international divisions and frequently send personnel abroad, most private sector employees are for the most part, in foreign service terms, 'non-rotational' as they are normally repatriated to Canada after serving a 'single assignment' at one foreign location for a specific period of time. It is easy to understand why the financial terms and incentives for employees accepting only one foreign assignment would be different from

those necessary for employees (and their families) who are expected to spend 50 per cent or more of their careers abroad.

Another obstacle to establishing parallels between a government foreign service and, for example, the Canadian private sector, is the size of the federal foreign service. Very few, if any, Canadian companies, associations or provincial governments come close to the federal government's extensive representation abroad. Secondly, there is the variety of categories of employee. Canada's offices abroad are manned on the operational side by seven different categories of program employees and by at least eight groups of support staff, each group with a number of internal levels; most private sector employers do not assign more than one or two operational groups overseas and at the administrative support level, most of their employees are recruited locally.

The type and length of assignment is also important in determining the most appropriate allowance package. Some companies only need to appoint their employees abroad on a temporary, short-term basis — for periods of up to six months. Others send the majority of their expatriates to only one or two locations where living conditions may range from spartan to luxurious. By contrast, Canada's foreign service is spread around the world at many varied locations where the conditions and the quality of life are often vastly different from Ottawa.

For these reasons, and to meet the innumerable conditions and circumstances affecting Canada's representatives around the globe, the government has developed a benefits package. Entitled the *Foreign Service Directives*, they "attempt to minimize variations in these conditions by applying *comparability* and *incentive-inducement*". The FSDs constitute the single most critical element of the total financial package and are an essential part of the management and administration of the foreign service. The one hundred pages of FSDs contrast dramatically (in both content and style) with some organizations' regulations which are set out on a single sheet of paper.

The terminology used by various employers and, in certain cases, the definitions applied to the components of financial packages can lead to some misinterpretation and confusion. The Foreign Service Premium, for example, may be referred to as an 'uplift', or may not be separately identifiable as such in a company manual; but a close analysis of the allowance system might well reveal the same incentive for foreign service 'hidden' within another category or compensation provision. Some organizations employ the concept of 'local salary' which regroups major components of the federal system — the Post Differential Allowance, the Salary Equalization Adjustment, etc., — under a single provision. Other examples would be a 'home country protection allowance' in lieu of salary equalization or a 'location allowance' which might be the equivalent of a hardship allowance.

In addition to the difficulties of comparison already outlined, the introduction of 'global remuneration' as a test variable is particularly difficult to overcome. This term represents the amount of money in addition to base salary and including all quantifiable benefits (some would even argue that hard-to-quantify items such as a chauffeur, insurance, etc., should also be included) that accrues to an expatriate employee. The task becomes even more difficult

when non-quantifiable benefits such as 'status' or the quality of education for the children of expatriate employees are considered. There is also the question of whether items such as hospitality expenses, from which employees are not supposed to 'benefit' but which may in fact be used to 'disguise' a benefit, should be considered.

Finally there is the difficulty of trying to use internationally recognized diplomatic designations as a basis for comparison with other governments. In some government services, certain levels, like First Secretary, are attained automatically at a certain point in one's career; in others, career progression is based on quite different criteria. In other words, caution must be exercised in analyzing the compensation packages of even those organizations that might, on the surface, appear similar.

Notwithstanding the difficulties of comparison, the review and analysis of other organizations' policies and practices is useful. Identifying their successes and shortcomings can help in an assessment of the terms and conditions of foreign service offered by the government of Canada. Secondly, some of the organizations studied compete with the federal foreign service for the same job candidates and provide conditions of employment against which Canadian public servants abroad inevitably measure their own treatment.

Methodology

To accomplish this review within the time allotted to the Commission, a representative cross-section of the types of entities with which the foreign service might be compared was selected. The six categories selected were: representatives of the Canadian private sector; the provincial governments most active abroad; a number of federal Crown corporations with international representation; overseas development advisory bodies; two supra-governmental organizations; and a number of the top 17 OECD countries that have either areas of interest and activities similar to Canada's, or unique approaches to financial compensation for their expatriate employees.

An extensive field program, in Canada and abroad, was implemented to acquire first hand information from many of the organizations. Each visit was complemented by a detailed analysis of the financial conditions offered to the expatriate segment of the organization. In a parallel effort, we also analyzed the results of studies done by companies, governments and outside consultants to extract pertinent data and ideas.

Expatriate compensation is still a relatively new requirement for most small and medium size North American companies and is provided with varying degrees of sophistication. An important part of the exercise was therefore to identify sources of expertise as well as innovative or unique approaches. Another invaluable source of data was foreign governments, some of which have already conducted inquiries similar to this one. The information gathering process would also have been incomplete without the analysis of a number of studies released by central agencies and departments of the Canadian government. Every effort was made to take advantage of existing information on the subject.

It was necessary to make several assumptions in order to devise a system of comparison. Although we wanted the system to be as comprehensive as possible, it had to retain enough simplicity and flexibility to permit easy and quick comparison. It also had to build on universal features as constant points of reference. As well, the common denominators had to reflect the reality of the Canadian foreign service.

First, the three major components of the Canadian foreign service compensation package were isolated — the Foreign Service Premium, the Post Differential Allowance (commonly called a hardship allowance) and the Salary Equalization Adjustment. These provisions were identified and selected as the most crucial elements of the compensation package. A foreign service premium and a hardship allowance are the primary incentive allowances for service overseas and a salary equalization adjustment is designed to assist the employee in meeting the costs of living in a particular location.

For purposes of comparison and to measure the differing effects (if any) of the various allowance provisions and/or systems, several additional criteria were established. Five posts, representing the four levels of hardship (as defined by FSD #58) and a superior level location (an 'A' post), were chosen:

Hardship Level	Location
A	London
I	Hong Kong
II	Mexico City
III	Cairo
IV	Jeddah

The cities selected are places where most of the Canadian institutions and other organizations chosen for the study have expatriate populations. Among the other criteria for selection were geographic location; proximity/similarity to other posts; cost of living (post index); and the effect of provisions due to location sensitivity, e.g., rest and recreation.

As family size is an important determinant in most financial allowance systems, two hypothetical but representative cases were used: a single employee (defined by the FSDs as 'unaccompanied') and a married employee with two children (defined by the FSDs as 'accompanied by two or more').

In order to permit specific comparisons across the many data sources, reference points were selected. Annual gross (base) salary was identified as the most valuable tool. Salary is not only the most usual starting point for the calculation of additional incentives and benefits, it also transcends classification, category and title boundaries that might otherwise make comparisons difficult.

Three annual Canadian salaries were selected: \$15,000, \$30,000 and \$50,000. These correspond to representative positions across the membership of most international organizations as well as the Canadian foreign service population. Few private sector companies send support employees at the \$15,000 level abroad, but other governments and world or regional organizations do. The other two salary levels were useful reference points for all organizations — \$30,000 is the level of junior company representatives and

junior officers with governmental institutions; \$50,000 represents middle ranking diplomats and industry managers.

The value of the FSD package at each salary level that will serve as the primary reference for comparisons was calculated on the following bases:

1. The Post Index was calculated using the November 1, 1980 rate as published by External Affairs in "Schedules to Foreign Service Directives and Meal Rates".
2. The amount of the Foreign Service Premium was determined according to Schedule I (1979) and multiplied by the corresponding Post Index. Assuming a progressive number of years of service abroad, at \$15,000, the premium was calculated at step I, at step III for \$30,000, and at Step IV for \$50,000.
3. Post Differential Allowances were calculated according to actual post 'hardship' level and the two family status variables.
4. The Salary Equalization Adjustment figures were derived directly from the formula:

$$\frac{\text{Post Index} - 100}{100} \times \frac{55}{100} \left(\text{gross annual salary} \right)$$

The figures in the column "Foreign Service Directives" in each of the tables in this paper thus represent the total of:

1. annual (gross) base salary;
2. Foreign Service Premium or its equivalent (where applicable);
3. Post Differential or hardship allowance (where applicable); and
4. Salary Equalization Adjustment or its equivalent (where applicable).

In addition to these major components, 'peripherals' represent those provisions and benefits that accrue to employees and (and families) as a result of foreign service. Peripheral items for the other organizations analyzed are discussed at the end of the relevant sections. Because it was impossible to quantify them accurately, many of these allowances and benefits were excluded from the calculations, including such items as insurance; loans; relocation allowances; reimbursement for posting expenses; the employer's portion of shelter costs; education allowances including travel; reimbursement for medical expenses; holidays and leave; foreign language allowance; and direct and indirect hospitality-related allowances.

Because of the volatile and sensitive nature of the subject of taxation, all calculations and allowances were based on gross values. As each employee's situation is unique, it would have been impossible to make universally applicable statements. Expatriates generally are no worse off with respect to taxes than they would be at home. However, a significant proportion of them are better off. For instance, allowances and most benefits paid in recognition of service overseas are *non-taxable*. In some cases the income tax payable on an employee's base salary is paid on his behalf by the sponsoring organization.

FOREIGN SERVICE DIRECTIVES (1979)

Component	Description	Examples												
Foreign Service Premium (FSD #56)	<p>— An <i>incentive</i> to overseas service that recognizes that there are disutilities and disincentives resulting from service outside Canada.</p> <p>— Varies according to salary, family status and points earned for service outside Canada but value would be <i>equivalent</i> at <i>any</i> post, all other things being equal.</p> <p>— Formula: $FS = \frac{\text{Basic Premium} \times \text{Post Index}}{100}$</p> <p>— Non-taxable</p>	<p>Location: London Hardship Level: A Post Index: 140/145*</p> <table><tr><td>Salary</td><td>Single</td><td>Married + 2 children</td></tr><tr><td>\$15,000</td><td>\$20,540/21,033*</td><td>\$22,080/22,628</td></tr><tr><td>\$30,000</td><td>\$41,360/42,355</td><td>\$44,720/45,835</td></tr><tr><td>\$50,000</td><td>\$66,740/68,320</td><td>\$70,800/72,525</td></tr></table> <p>* With diplomatic purchasing privileges/without diplomatic purchasing privileges.</p>	Salary	Single	Married + 2 children	\$15,000	\$20,540/21,033*	\$22,080/22,628	\$30,000	\$41,360/42,355	\$44,720/45,835	\$50,000	\$66,740/68,320	\$70,800/72,525
Salary	Single	Married + 2 children												
\$15,000	\$20,540/21,033*	\$22,080/22,628												
\$30,000	\$41,360/42,355	\$44,720/45,835												
\$50,000	\$66,740/68,320	\$70,800/72,525												
Post Differential Allowance (FSD #58)	<p>— Post differential allowance is paid in recognition of undesirable conditions i.e. isolation, local conditions, climate, health, medical care, hostility and violence existing at certain posts.</p> <p>— Based on post rating (level I-IV) and family status (unaccompanied, plus one, plus two or more) paid according to predetermined set rate. Allowance ranges from single, Level I: \$675 to married plus two, Level IV: \$3150.</p> <p>— Non-taxable</p>	<p>Location: Hong Kong Hardship Level: I Post Index: 115</p> <table><tr><td>Salary</td><td>Single</td><td>Married + 2 children</td></tr><tr><td>\$15,000</td><td>\$18,753</td><td>\$20,393</td></tr><tr><td>\$30,000</td><td>\$37,060</td><td>\$40,195</td></tr><tr><td>\$50,000</td><td>\$59,515</td><td>\$63,225</td></tr></table>	Salary	Single	Married + 2 children	\$15,000	\$18,753	\$20,393	\$30,000	\$37,060	\$40,195	\$50,000	\$59,515	\$63,225
Salary	Single	Married + 2 children												
\$15,000	\$18,753	\$20,393												
\$30,000	\$37,060	\$40,195												
\$50,000	\$59,515	\$63,225												
Salary Equalization Adjustment (FSD #55)	<p>— Comparable to cost of living adjustment SEA recognizes the variation in costs of goods and services between Ottawa and the post.</p> <p>— Based on disposable income, currently at 55%, it adjusts/ equalizes purchasing power to comparable Ottawa level.</p>	<p>Location: Mexico City Hardship Level: II Post Index: 100</p> <table><tr><td>Salary</td><td>Single</td><td>Married + 2 children</td></tr><tr><td>\$15,000</td><td>\$17,575</td><td>\$19,125</td></tr><tr><td>\$30,000</td><td>\$34,375</td><td>\$37,225</td></tr><tr><td>\$50,000</td><td>\$55,075</td><td>\$58,425</td></tr></table>	Salary	Single	Married + 2 children	\$15,000	\$17,575	\$19,125	\$30,000	\$34,375	\$37,225	\$50,000	\$55,075	\$58,425
Salary	Single	Married + 2 children												
\$15,000	\$17,575	\$19,125												
\$30,000	\$34,375	\$37,225												
\$50,000	\$55,075	\$58,425												

- Formula: $\frac{\text{Post Index} - 100}{100} \times \frac{55}{100} \left(\frac{\text{gross annual salary}}{\text{salary}} \right)$
 - SEA is adjusted either positively or negatively according to post index.
- | | |
|-------------|---|
| Post Index | — Post index developed monthly by Statistics Canada. Spread of post index as of November 1, 1980 — low: 85 (Colombo); high 175 (Geneva, Tokyo). |
| Peripherals | <ul style="list-style-type: none"> — Group Surgical Medical Insurance Plan; group life insurance; pre-posting; relocation; shelter; education; medical; holidays, leave and personal travel; foreign language allowance; post departure. — Language and Canada home leave allowances are taxable. |

Location: Cairo			
Hardship Level: III		Post Index: 100	
Salary	Single	Married + 2 children	
\$15,000	\$18,025	\$19,800	
\$30,000	\$34,825	\$37,900	
\$50,000	\$55,525	\$59,100	

Location: Jeddah			
Hardship Level: IV		Post Index: 135	
Salary	Single	Married + 2 children	
\$15,000	\$22,148	\$24,683	
\$30,000	\$42,465	\$46,755	
\$50,000	\$67,260	\$72,225	

It should be made clear, however, that Canadian foreign service employees have deducted from gross salary, along with other standard deductions, an amount representing both federal and provincial taxes. A number of foreign service employees enjoy access to price-privileged goods and services, but such access is dependent on an employee's diplomatic accreditation.

Major Findings

For the sake of clarity, separate comparisons are presented for each of the groups of organizations studied:

1. the private sector
2. provincial governments
3. overseas development advisory bodies
4. federal Crown corporations
5. supra-governmental organizations
6. foreign governments

For each group and location, tables and graphs were prepared to compare the data. Based on the amounts identified in each table, the corresponding bar graphs illustrate the *relative* differences between the total remuneration calculated using the FSDs and that provided by the other organizations.

For example, as shown in Table 1, for a married employee with two children, earning a salary of \$30,000 per annum and located in London, the total package, including gross base salary, Foreign Service Premium, hardship allowance (not applicable in this example), Salary Equalization Adjustment, and adjustments according to the Post Index would be worth \$44,720, \$41,136 and \$47,662 in the Canadian foreign service, the private sector financial institution and the multinational corporation respectively.

These amounts are transposed to Figure 1, where the horizontal line at \$30,000 represents the total value of the FSD package. The vertical bars above and below this line represent the difference by which the other organizations' total packages exceed or fall short of the FSDs.

All the tables in this section deal strictly with the major components of the financial packages offered by other organizations as compared with the FSDs. At the end of the section, peripheral items such as additional allowances, grants and loans provided to expatriates will be brought in to establish more comprehensive comparisons.

Private Sector

As a general practice, the businesses studied do not assign support personnel (non-officers) abroad; consequently, comparisons at the \$15,000 salary level are difficult, if not impossible. Table 1 shows that the \$30,000 and \$50,000 salary levels, the FSDs fall midway between the packages offered by the major financial institution and multinational corporation #1.

(text continues on page 292)

TABLE 1
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
LONDON

Salary Levels	Foreign Service Directives		Major Canadian Financial Institution		Canadian Multinational Corporation #1	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$20,540	\$22,080	N/A		N/A	
\$30,000	\$41,360	\$44,720	\$39,102	\$41,136	\$45,148	\$47,662
\$50,000	\$66,740	\$70,800	\$63,792	\$66,723	\$70,238	\$73,366

TABLE 2
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
HONG KONG

Salary Levels	Foreign Service Directives		Major Canadian Financial Institution		Canadian Multinational Corporation #1	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,753	\$20,393	N/A		N/A	
\$30,000	\$37,060	\$40,195	\$38,068	\$39,757	\$39,079	\$40,194
\$50,000	\$59,515	\$63,225	\$62,302	\$64,736	\$62,486	\$63,911

TABLE 3
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
MEXICO CITY

Salary Levels	Foreign Service Directives		Major Canadian Financial Institution		Canadian Multinational Corporation #1		Canadian Multinational Corporation #2
	Single	M+2	Single	M+2	Single	M+2	M+2
\$15,000	\$17,575	\$19,125	N/A		N/A		N/A
\$30,000	\$34,375	\$37,225	\$34,655	\$35,206	\$37,097	\$37,777	\$56,690
\$50,000	\$55,075	\$58,425	\$57,384	\$58,179	\$59,955	\$60,824	N/A

FIGURE 1
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
LONDON

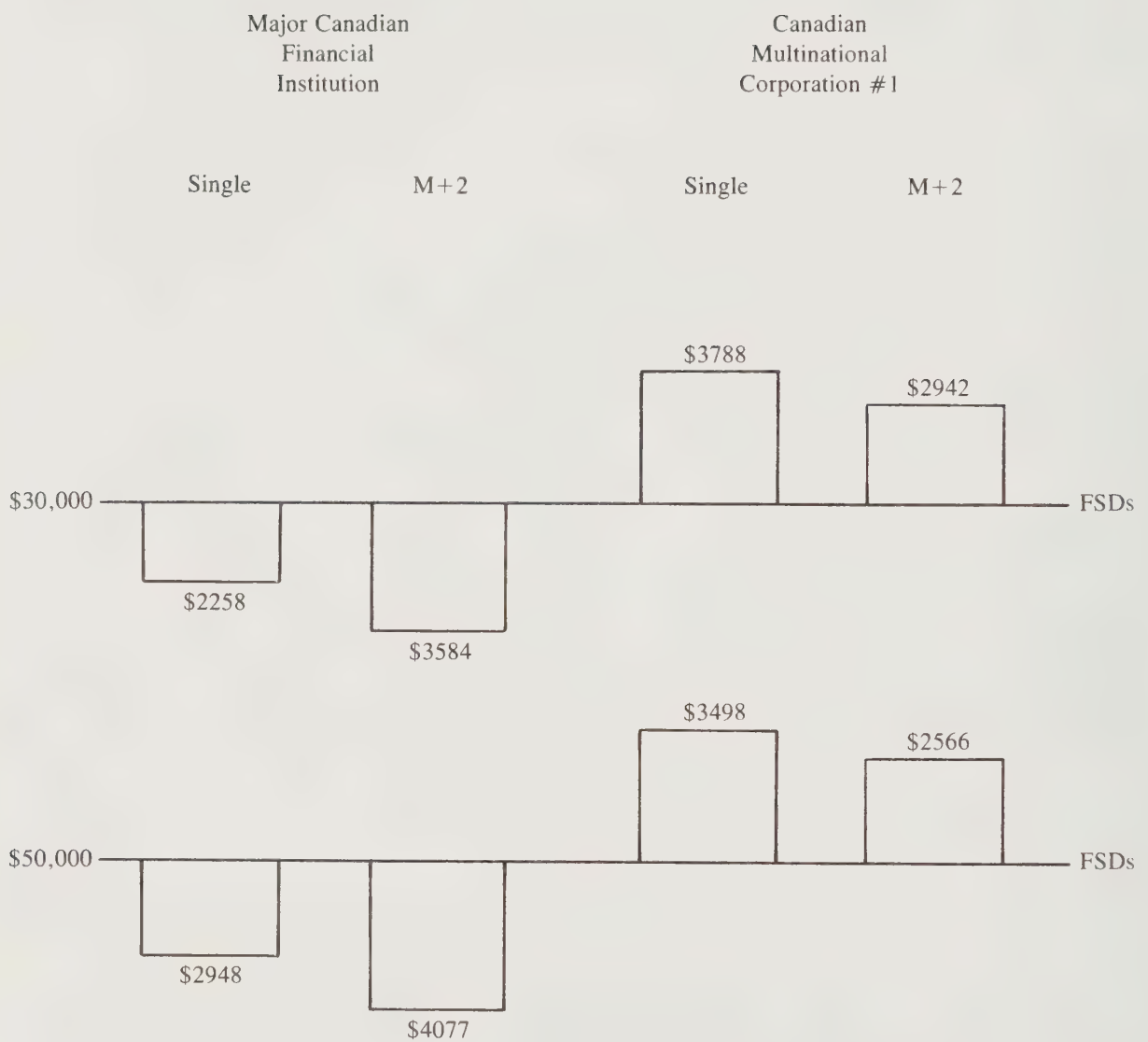


FIGURE 2

FSD/PRIVATE SECTOR

COMPARISON OF MAJOR COMPONENTS

HONG KONG

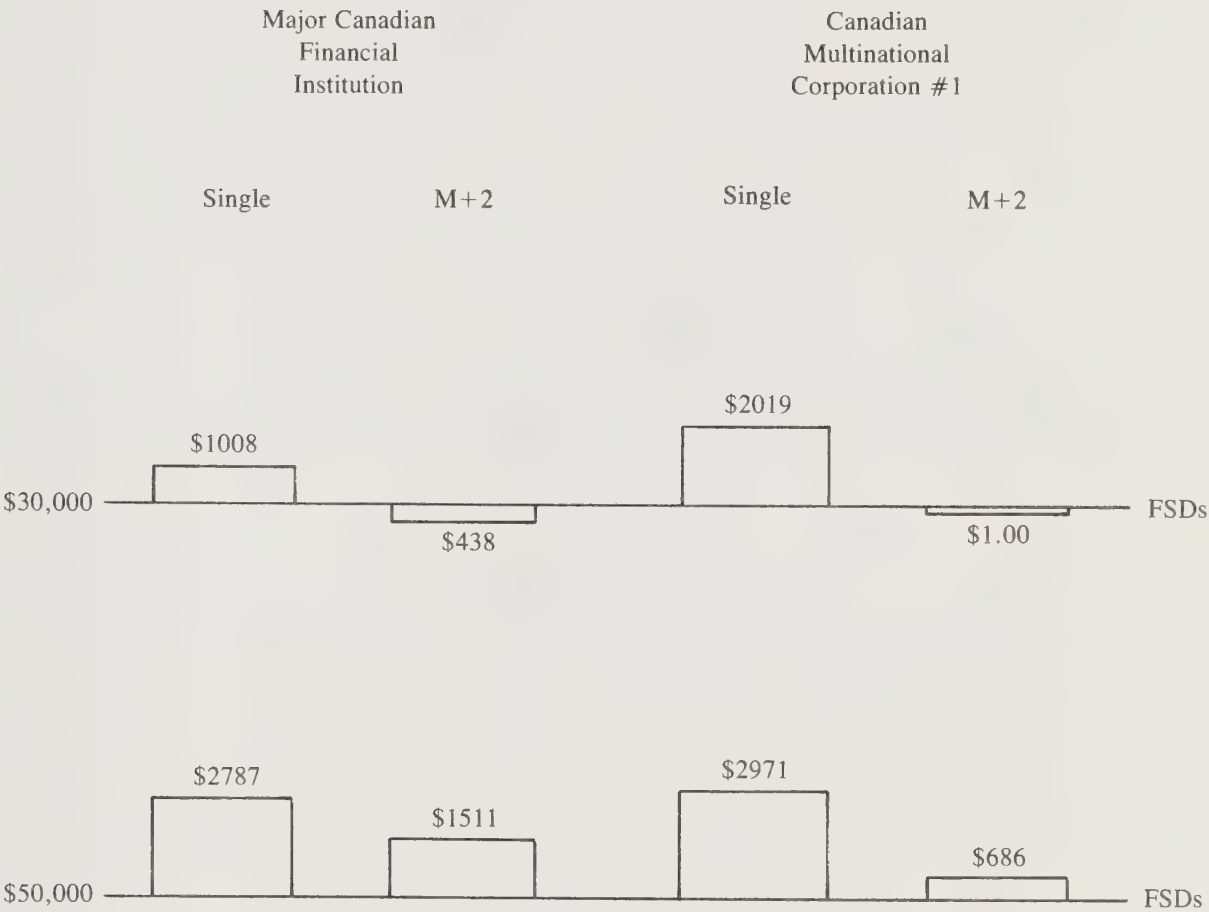


FIGURE 3
 FSD/PRIVATE SECTOR
 COMPARISON OF MAJOR COMPONENTS
 MEXICO CITY

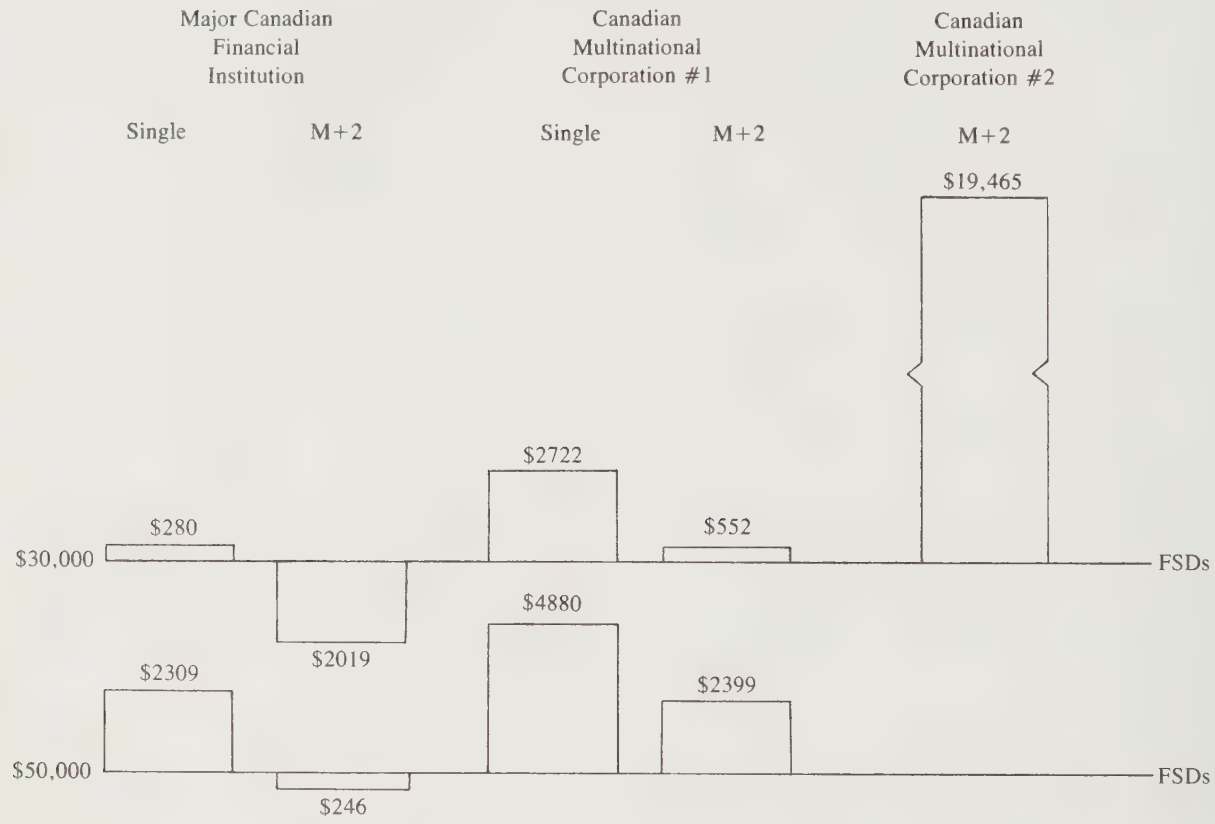


FIGURE 4

FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS

CAIRO

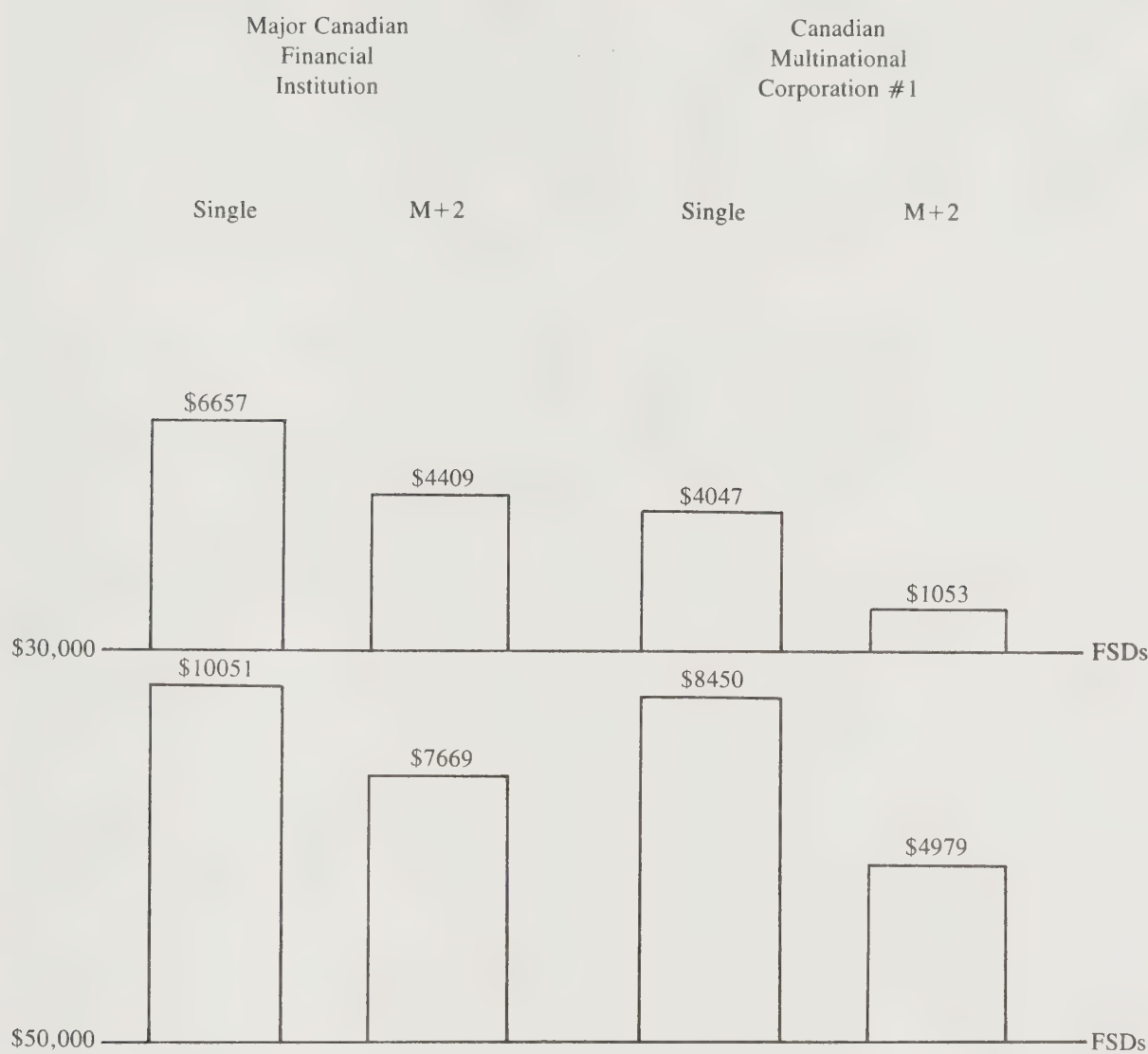


TABLE 4
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
CAIRO

Salary Levels	Foreign Service Directives		Major Canadian Financial Institution		Canadian Multinational Corporation #1	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,025	\$19,800	N/A		N/A	
\$30,000	\$34,825	\$37,900	\$41,482	\$42,309	\$38,872	\$38,953
\$50,000	\$55,525	\$59,100	\$65,576	\$66,769	\$63,975	\$64,079

Table 1 indicates that although employees of the major Canadian financial institution working in London would receive less — from the major components — than their counterparts in the Canadian foreign service, those employed by the multinational corporation would receive more. When peripherals are taken into account, however, relative positions may alter.

In Table 2, the comparison reveals only a marginal advantage for private sector employees over the Foreign Service Directives. The situation in Hong Kong indicates that both private sector organizations — except for married employees at the \$30,000 salary level — pay somewhat better allowances than the Canadian government; the private sector does not seem to pay as much to employees with dependents as does the government.

A third private sector organization has been introduced in Table 3 at the \$30,000 salary level. This is an exceptional example showing the situation of a Canadian multinational corporation that at present has to recruit and retain only one expatriate in this location.

The same phenomenon as was evident in Tables 1 and 2 — the relatively inferior allowances paid to married employees in the private sector — is again visible in Table 3. With the exception of corporation #2, single employees receive between \$1700 and \$2500 more than employees with dependents, and only in two cases do married employees fare better than their government counterparts. Another factor worth noting is that as the degree of hardship increases — from Level I in Hong Kong to Level II in Mexico — so does the value of the allowance package.

The difference between financial benefits in the private sector and the Canadian foreign service that began to be apparent in Hong Kong and Mexico City becomes more marked at the next location, Cairo. At the most senior level, the differences between the global packages offered under the FSDs and the private sector range from 10 per cent to 20 per cent of the base salary or from \$5000 to \$10,000 per year. The variance between benefits for single and married employees continues in Cairo, but to a lesser extent.

Table 5 contains the first case where a comparison at the \$15,000 level was possible. Jeddah is considered by most Canadian expatriates to be a very difficult location. The table and graph illustrate that employers tend to offer

TABLE 5
FSD/PRIVATE SECTOR
COMPARISON OF MAJOR COMPONENTS
JEDDAH

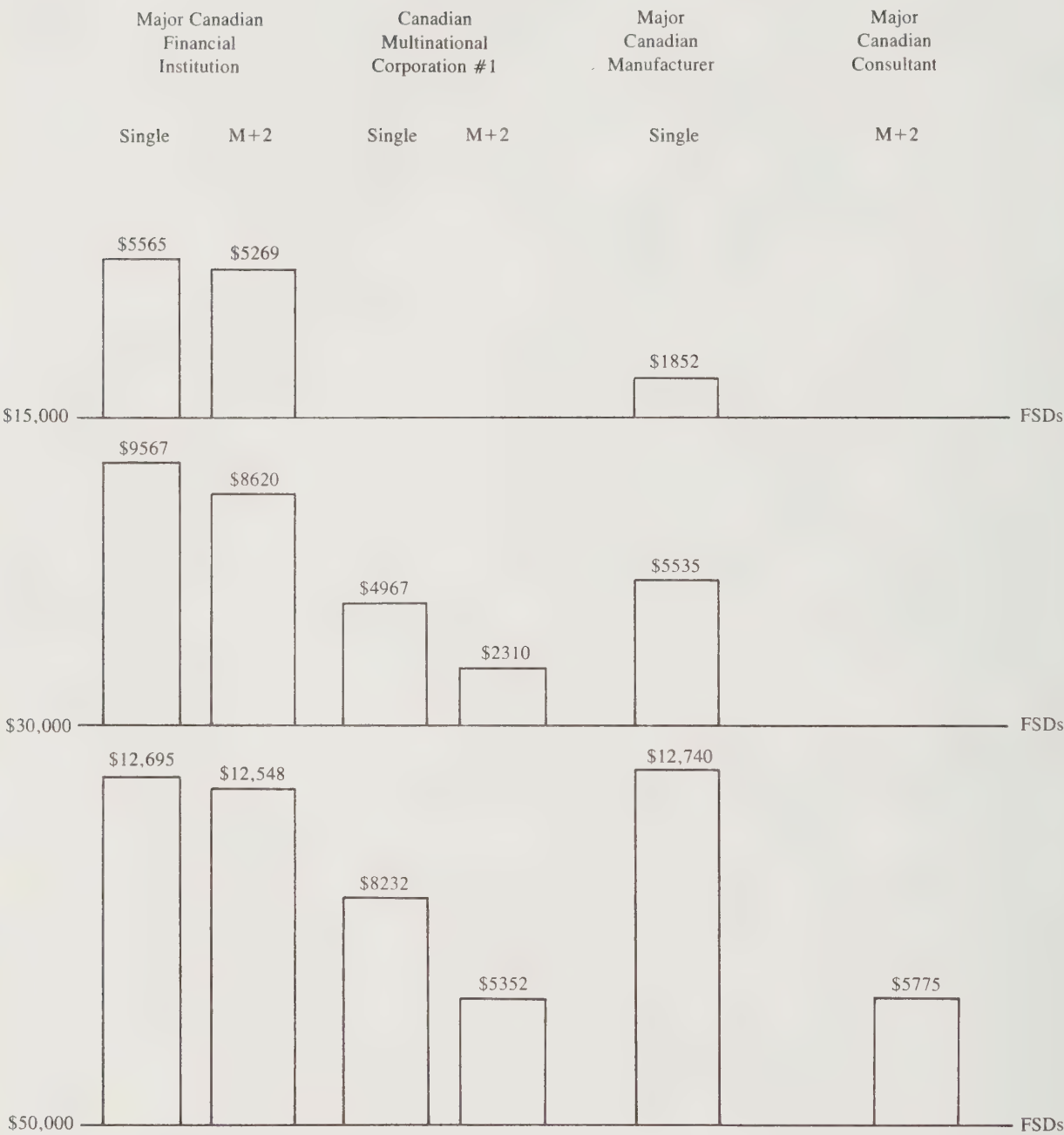
Salary Level	Foreign Service Directives		Major Canadian Financial Institution		Canadian Multinational Corporation #1		Major Canadian Manufacturer		Major Canadian Consultant	
	Single	M+2	Single	M+2	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$22,148	\$24,683	N/A		N/A		\$24,000	N/A	N/A	N/A
\$30,000	\$42,465	\$46,755	\$52,032	\$55,375	\$47,432	\$49,065	\$48,000	N/A	N/A	N/A
\$50,000	\$67,260	\$72,225	\$79,955	\$84,773	\$75,492	\$77,577	\$80,000	N/A	N/A	\$78,000

FIGURE 5

FSD/PRIVATE SECTOR

COMPARISON OF MAJOR COMPONENTS

JEDDAH



significantly higher financial rewards at this location than in countries where the climate, cultural differences and distance from home are not as pronounced. (This reinforces the importance of the hardship allowance.) It is also a city where the cost of living is markedly higher than in Ottawa (the post index is 135). The differences between the values of different compensation packages are also large — over \$12,000 in several cases. Also interesting is that the variations between single and married employees are reduced, in some cases quite considerably, at this, an extremely difficult location.

The preceding tables and graphs demonstrate that insofar as the major components are concerned, expatriate employees of a number of large Canadian companies enjoy financial packages more generous than those provided under the FSDs. Only in a few cases do the FSDs provide more generous conditions.

Of the 22 examples at the \$30,000 level, 17 or 27 per cent exceed the FSDs; a third of them are at least \$5000 more generous. At the upper level (\$50,000) private sector packages surpass the FSDs by a significant margin in all but three cases; 25 per cent are \$2000-5000 more generous and 22 per cent are as much as \$10,000 higher than the FSDs.

Peripheral Benefits: A more complete picture requires the examination of the additional benefits or peripheral items that may serve as further incentive or inducement to service abroad. With the exception of organizations that send Canadian employees abroad only on temporary assignments rarely exceeding a year, the benefits packages of private sector companies are at least equivalent to, and often more generous than, the FSDs. However, these packages are more likely to be based on individual negotiations with employees than on detailed regulations.

Most of the companies studied are knowledgeable about the FSDs. In fact, many have used the FSDs in developing their own systems and the Directives are still an integral part of some systems. It is generally acknowledged that the government of Canada has developed a good, comprehensive package and is an important player in the field of expatriate compensation. Nevertheless, the private sector has one important advantage. Given their desire to be competitive and to send capable, experienced Canadians abroad to participate in and supervise overseas operations, the 'bottom line' is the only limit to the flexibility and responsiveness of their compensation programs. A company's compensation program may appear less comprehensive than the FSDs on paper, but if circumstances require, most companies have and use this latitude to match or surpass every Foreign Service Directive.

A recent study surveyed the current practices of a large number of Canadian expatriate employers. The findings indicate clearly that a close relationship exists between what the FSDs attempt to cover and company practices. For example:

- Company-sponsored *benefits plans* such as health/medical, accident, life, survivor income and dental insurance are widely available to expatriates, usually by extension of domestic programs.
- Over 92 per cent of those surveyed provide assistance with *educational costs* (comparable to FSD provisions) at post and, away from post, 100 per cent of the costs.

- For *dependent reunion*, 84 per cent enable travel to post (and parent substitution to dependent's location) anywhere from one to three paid round-trips per year.
- Ninety-six percent provide a *travel subsidy* or allowance for vacation and holidays.
- From designated hardship posts 75 per cent have *rest and recreation leave*.

But there are also areas where the private sector has consistently moved ahead of current government practice, for example:

- *Automobiles*, which are made available by over 75 per cent of companies to their expatriates, are usually provided free of charge.
- *Shelter*. More than 50 per cent provide housing free of charge and almost all the others subsidize housing costs.
- *Home leave* is generally available every year.
- *Relocation/repatriation /completion bonuses*. Examples of these would include 5 to 10 per cent of base salary for each completed year of service. In other cases it is calculated on the basis of a number of weeks (normally 6 to 8) of base salary per year abroad.

The peripheral benefits offered by the private sector often make the total remuneration paid to its expatriates more generous than conditions offered to Canadian government employees abroad. The completion/repatriation bonus may be as much as a year's salary for each additional year of service. For top managers, the comparison would also have to include salaries (up to \$125,000) that in many cases far exceed those paid to even the most senior ambassadors.

Some of the FSD provisions appear to counterbalance benefits offered by the private sector, for example, the provision relating to the acquisition and disposition of accommodation (real estate and legal fees are paid by the employer). But because this benefit is only applicable once in a career, its impact is considerably reduced. Employment in the Canadian foreign service may also offer unquantifiable benefits such as job security and status, which are important to a good proportion of the foreign service community. But these too may be offset by the tangible advantages available in the private sector.

Provincial Governments

A number of Canadian provinces have maintained offices abroad for some time; few, however, have seen the need to establish rotational services. The two examples in Table 6 are provinces that have developed their benefits for service abroad around the FSDs; their systems retain a strong resemblance to the federal government's system. Provincial governments also try to recruit locally most, if not all, employees for support positions. This prevents us from establishing a reference point at the \$15,000 salary level. As well, at the time of the study, none of the provinces examined had representatives in Mexico City, Cairo or Jeddah.

At the next two levels, the table illustrates how closely the benefits packages are modelled on the FSDs. In five of the eight cases, however, both packages are between \$1200 and \$3700 more generous than the FSDs. The same observation that applied in comparisons with the private sector can be made here: in a single assignment system, spouses and other dependents do not seem to be recognized or accounted for to the same extent as in the federal foreign service.

Table 7 provides an opportunity to make a comparison at the lower salary level. In this case, the support employee is a specialist who could not be engaged locally. Comparing the figures in Tables 6 and 7 indicates that hardship and the cost of living influence what an organization provides. In London, an ‘A’ post with a Post Index of 145, government #2 is relatively less generous than the FSDs. In Hong Kong, however, the Post Index is 30 points lower, but perhaps because the hardship level is considered to be higher, the provincial government is relatively more generous. The total value of the major components for provincial employees increases by an average of \$660 between London and Hong Kong.

Figure 7 shows that both provincial government packages are similar to the FSDs. In 80 per cent of the examples, however, provincial government employees do receive anywhere from \$500 to \$4500 more than their federal counterparts.

TABLE 6
FSD/PROVINCIAL GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
LONDON

Salary Levels	Foreign Service Directives		Provincial Government #1		Provincial Government #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$21,033*	\$22,628*	N/A		N/A	
\$30,000	\$41,360	\$44,720	\$45,060	\$42,930	\$42,740	\$44,625
\$50,000	\$66,740	\$70,800	\$68,720	\$69,560	\$68,285	\$70,750

*For employees with no diplomatic purchasing privileges.

TABLE 7
FSD/PROVINCIAL GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
HONG KONG

Salary Levels	Foreign Service Directives		Provincial Government #1		Provincial Government #2	
	Singles	M+2	Single	M+2	Single	M+2
\$15,000	\$18,753	\$20,393	\$20,940	\$21,840	N/A	
\$30,000	\$37,060	\$40,195	\$38,360	\$40,080	\$40,790	\$42,350
\$50,000	\$59,515	\$63,225	\$60,020	\$60,710	\$64,060	\$66,100

FIGURE 6

FSD/PROVINCIAL GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS

LONDON

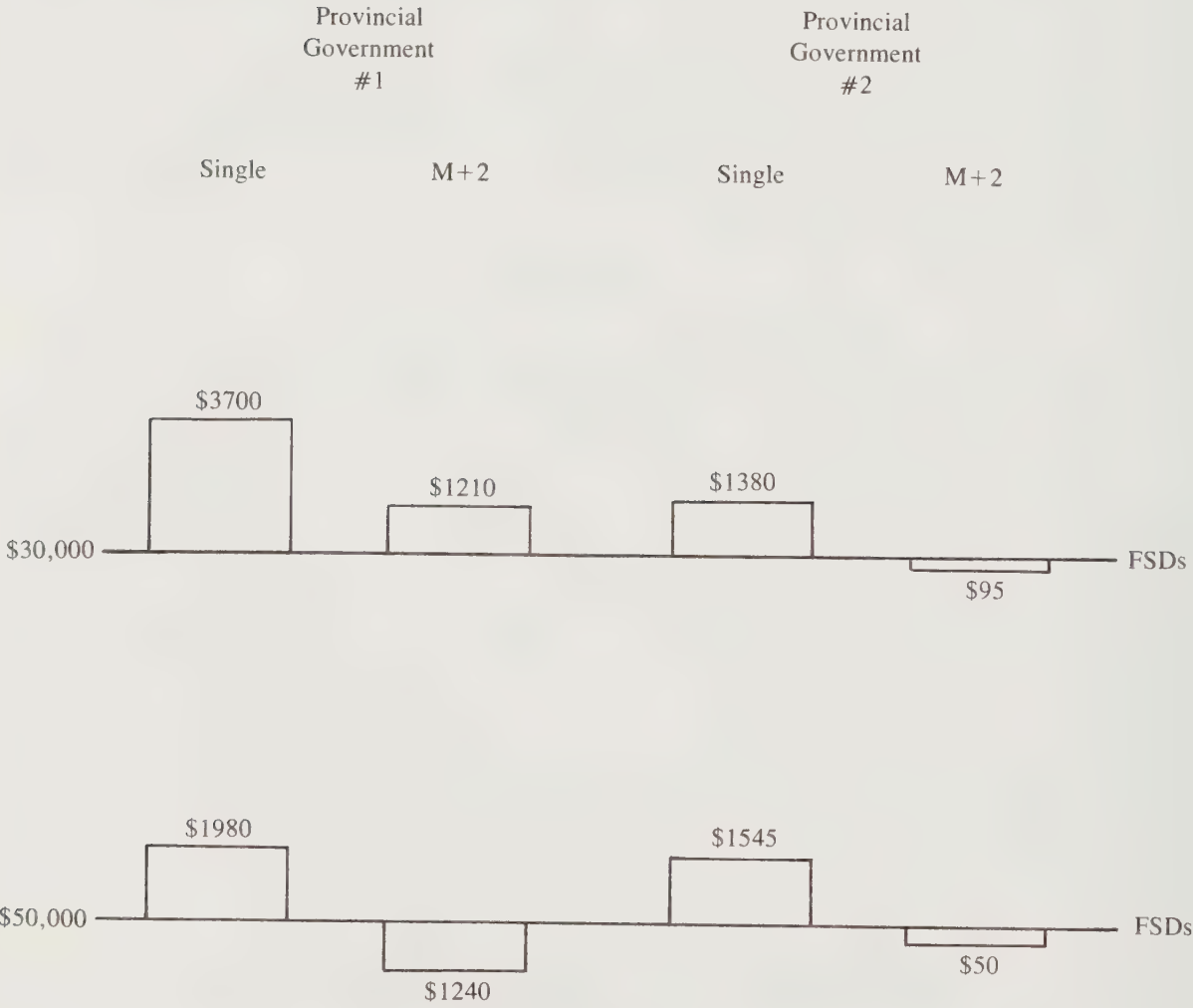
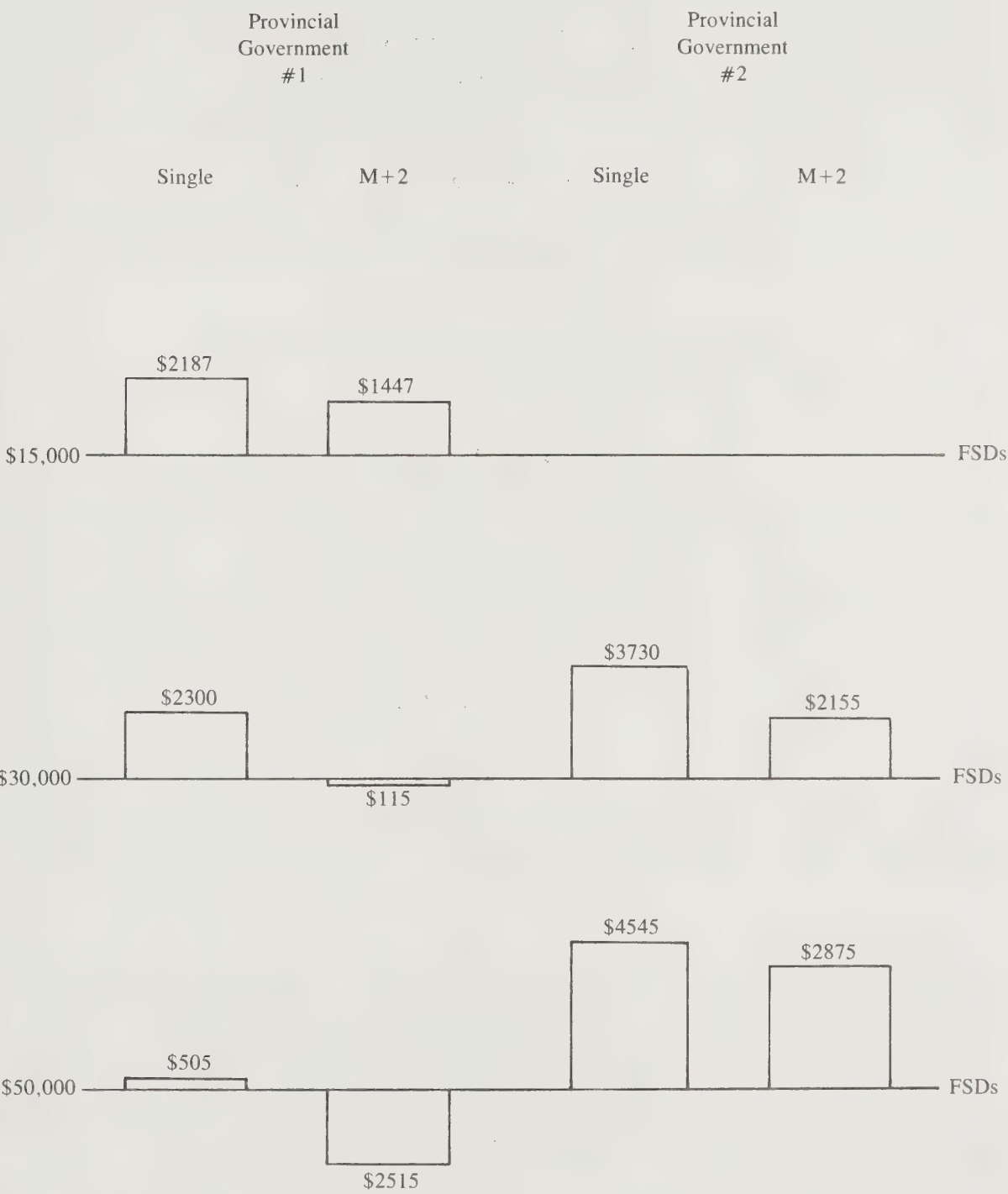


FIGURE 7

FSD/PROVINCIAL GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS

HONG KONG



Peripherals: Provincial government #2 generally follows the FSDs in terms of the additional benefits provided, with the following exceptions: 1) no car or posting loans are available and 2) the rent share rate for a single employee is 4 to 6 per cent higher than under the FSDs.

The additional benefits provided by provincial government #1 also correspond closely to the FSDs. But there are a few notable and generous exceptions: 1) a transfer/assignment expense payable in a lump sum of \$1000, plus \$150 for each child, plus \$500 for necessary changes required to electrical appliances (this compares with the flat \$100 and \$200 payable to single and married employees under the FSD relocation provision); and 2) real estate and legal fees payable on the sale of the principal residence are reimbursed to the employee *each* time he is assigned or crossposted. It should be noted, however, that because most employees are not career rotational, they may not be able to take advantage of this unusual and generous provision more than twice — once on posting and again when repatriated. Another benefit is that the housing allowance can be applied to the cost of purchasing a residence and paying for utilities at the post if an employee chooses not to rent accommodation.

Federal Crown Corporations

Like many of the organizations in previous sections, federal Crown corporations may start from the FSDs in putting their financial packages together. But Table 8 illustrates the differences between two Crown corporations and the foreign service. The disparities among the three institutions may appear startling, but can be explained in part by the nature of each. The foreign service offers a life-time career with many non-quantifiable benefits such as status and varied geographical and job-related opportunities. Crown corporation #1, which has thousands of employees from which to choose, does not have to offer significant financial rewards for foreign assignments — the opportunity to serve abroad, almost exclusively at 'A' posts, is the best incentive. The second Crown corporation, on the other hand, is somewhat specialized and feels it has to offer some form of 'additional' compensation to its employees who do not necessarily gain much professionally from an overseas assignment.

Table 9 illustrates the situation of a highly specialized organization (Crown corporation #3) in a more difficult environment (hardship level II). Here, the level of expertise and previous professional exposure to the foreign milieu are important determinants and there is a marked increase in the level of remuneration. This is particularly evident at the most senior level where the package offered by corporation #3 is \$6000 to \$10,000 more generous than the FSDs.

Also interesting is that the packages received by single and married employees are identical. Figure 9 also highlights the fact that gaps between the FSDs and the Crown corporation's provisions widen as salary increases. At \$15,000, the discrepancy is 13 per cent and at \$30,000 and \$50,000 it is 15 per cent and 19 per cent respectively.

TABLE 8
FSD/FEDERAL CROWN CORPORATIONS
COMPARISON OF MAJOR COMPONENTS
LONDON

Salary Levels	Foreign Service Directives		Crown Corporation #1		Crown Corporation #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$21,033	\$22,628*	\$21,695	\$22,768	N/A	
\$30,000	\$41,360	\$44,720	\$40,612	\$42,150	\$51,600	\$54,350
\$50,000	\$66,740	\$70,800	\$64,475	\$66,467	\$77,400	\$80,900

* employees with no diplomatic privileges.

TABLE 9
FSD/FEDERAL CROWN CORPORATIONS
COMPARISON OF MAJOR COMPONENTS
HONG KONG

Salary Levels	Foreign Service Directives		Crown Corporation #3	
	Single	M+2	Single	M+2
\$15,000	\$18,753	\$20,393	\$20,850	\$20,850
\$30,000	\$37,060	\$40,195	\$41,700	\$41,700
\$50,000	\$59,515	\$63,225	\$69,500	\$69,500

Peripherals: The other financial benefits offered by the Crown corporations are generally similar to the FSDs. An interesting, but relatively modest exception is provided by Crown corporation #1 — a host country health plan with premiums paid by the employer.

The other two corporations, however, provide several additional benefits that go beyond the scope of the FSDs. Corporation #2 provides a discretionary 'merit' contract — with a current average of \$10,000 and a possible maximum of \$18,000 — to encourage experienced employees to accept foreign assignments, and a special allowance of \$30 per day for service in high-risk areas (war zones, areas of political unrest) with an automatic life insurance policy of \$200,000. Corporation #3 provides free housing, favourable income tax provisions, free transportation pool at the post, and an allowance of \$1200 per year in lieu of overtime.

Thus, while the first corporation offers financial conditions that are very close to those available under the FSDs, the other two provide benefits that are different from and considerably more generous than those received by members of the Canadian foreign service.

FIGURE 8

FSD/FEDERAL CROWN CORPORATIONS
COMPARISON OF MAJOR COMPONENTS

LONDON

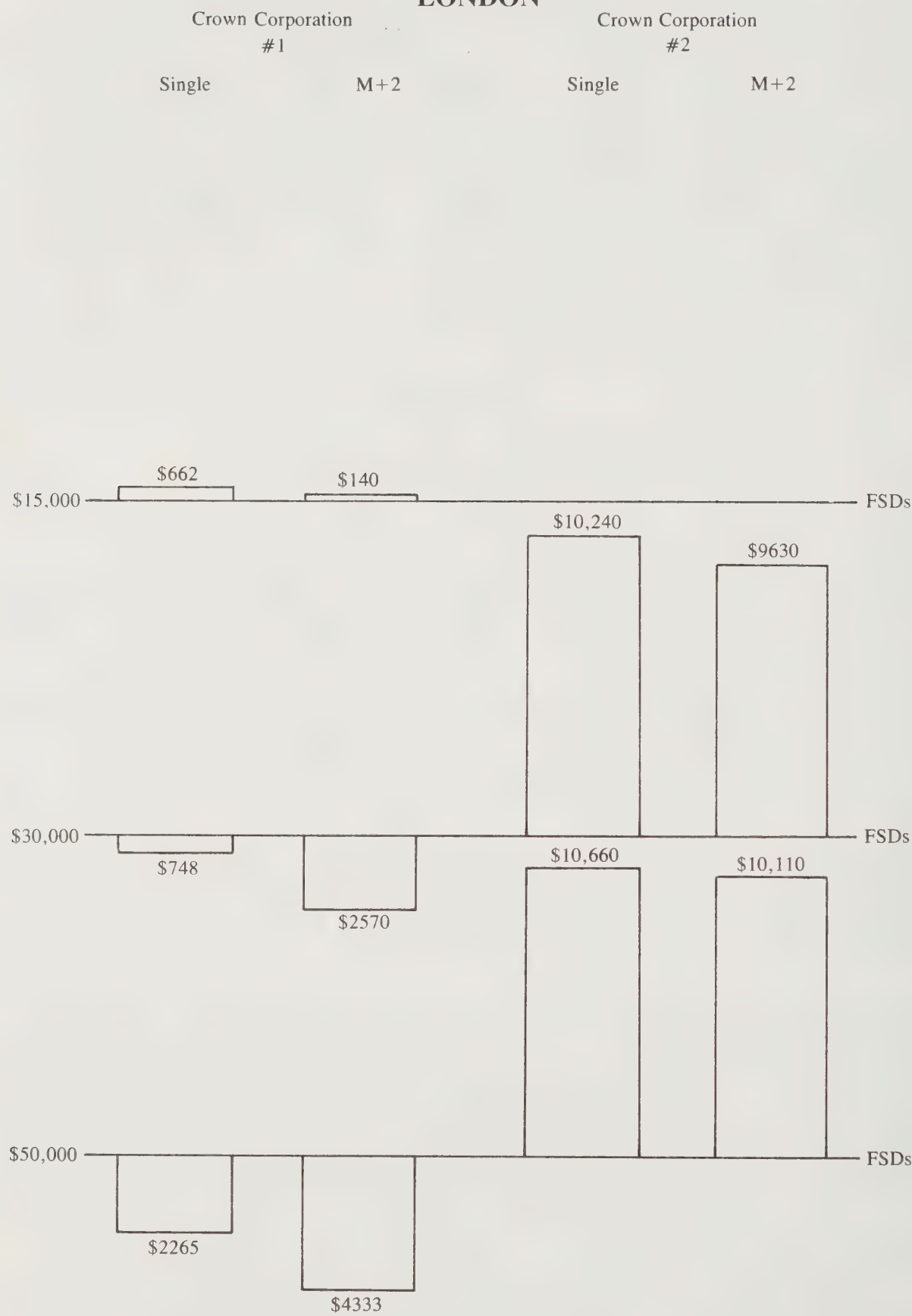
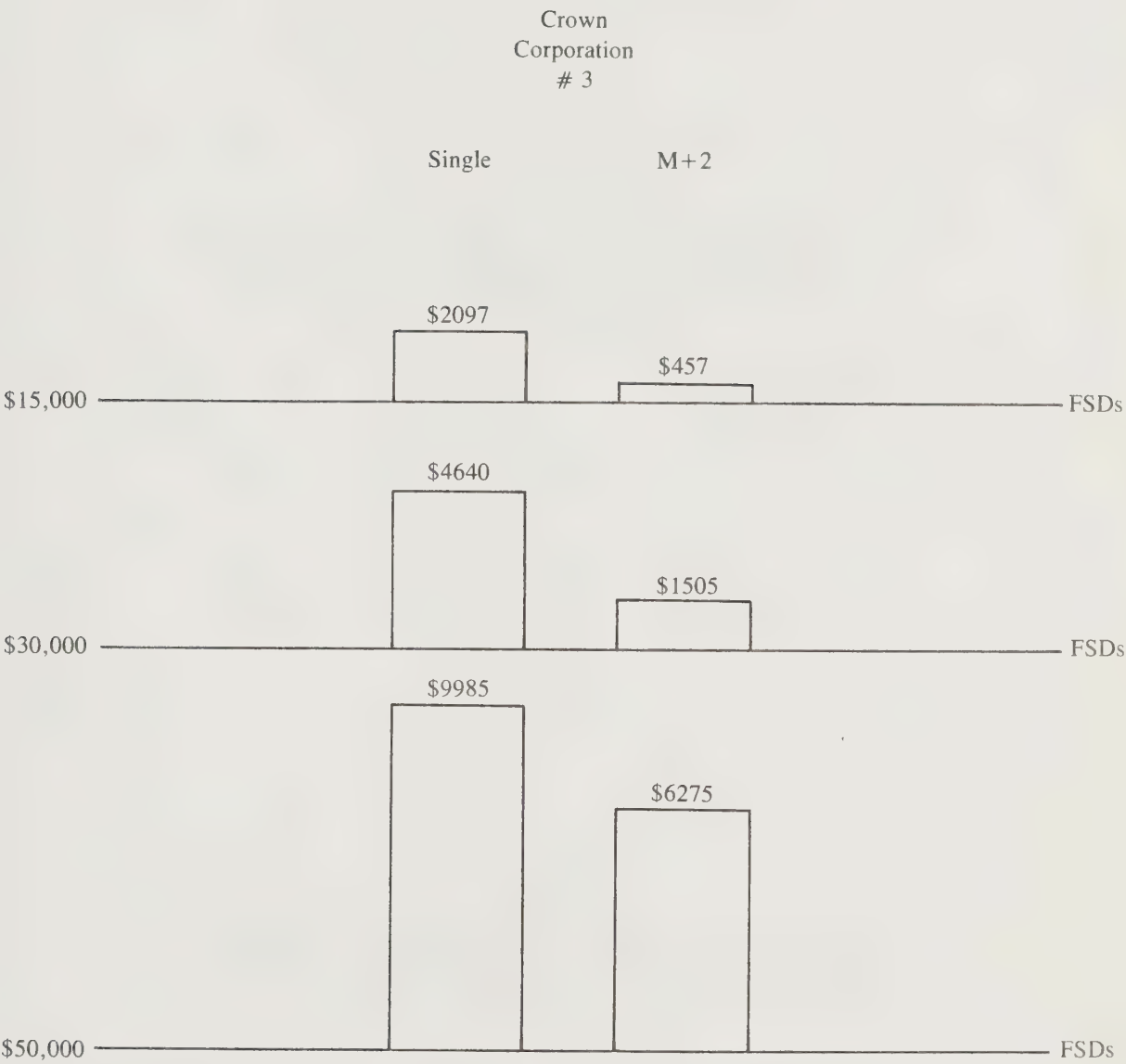


FIGURE 9

FSD/FEDERAL CROWN CORPORATIONS
COMPARISON OF MAJOR COMPONENTS

HONG KONG



Overseas Development Advisers

This section focuses on compensation for non-governmental employees, usually hired for one assignment abroad by non-profit organizations such as foundations or by government departments involved in international development. They usually act as advisers to foreign governments or provide specialized training to foreign nationals in fields such as medicine and education. Because service overseas with these organizations is usually developmental and/or aid-oriented and because it is often a second career or an initial learning experience for many individuals, benefits and allowances are generally limited. Because their activities are centred in developing countries, no comparisons could be made with London or Hong Kong. Moreover, they usually operate on limited budgets and have neither the means nor the need to send support staff abroad.

TABLE 10
FSD/OVERSEAS DEVELOPMENT ADVISERS
COMPARISON OF MAJOR COMPONENTS
MEXICO CITY

Salary Levels	Foreign Service Directives		American Institution #1		American Institution #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$17,575	\$19,125	N/A		N/A	
\$30,000	\$34,375	\$37,225	\$30,000	\$30,000	\$30,840	\$31,680
\$50,000	\$55,075	\$58,425	\$50,000	\$50,000	\$50,840	\$51,680

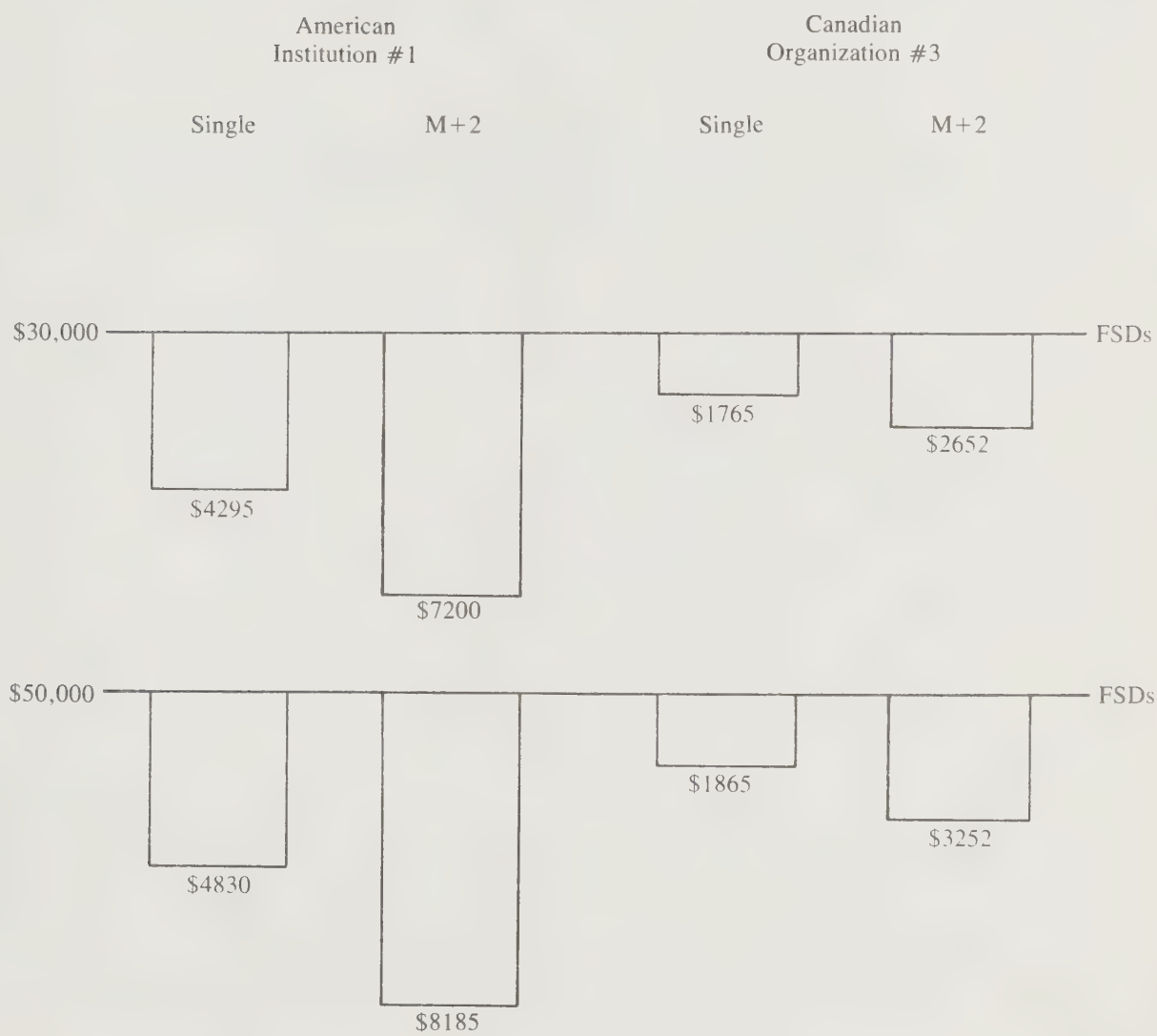
TABLE 11
FSD/OVERSEAS DEVELOPMENT ADVISERS
COMPARISON OF MAJOR COMPONENTS
CAIRO

Salary Levels	Foreign Service Directives		American Institution #1		Canadian Organization #3	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,025	\$19,800	N/A		N/A	
\$30,000	\$34,825	\$37,900	\$30,530	\$30,700	\$33,060	\$35,248
\$50,000	\$55,525	\$59,100	\$50,695	\$50,915	\$53,660	\$55,848

FIGURE 11

FSD/OVERSEAS DEVELOPMENT ADVISERS
COMPARISON OF MAJOR COMPONENTS

CAIRO



Tables 10 and 11 show that one institution provides no premium for foreign service or for hardship. Employees of the other institution receive a minimal 'living allowance' to compensate for the higher cost of living in Mexico City. The philosophy behind these systems is that employees are not in a competitive position and do not expect to be 'compensated' for the difficulties they encounter.

Even in relatively difficult locations like Cairo, these philanthropic organizations do not provide substantial compensation. Employees of the Canadian organization fare marginally better financially but still fail to receive the level of benefits offered under the FSDs.

Peripherals: Additional benefits and allowances make up to a certain extent for the absence of incentive and cost of living provisions. Also, the motivation of employees of these organizations is usually somewhat different from that of employees in any of the other organizations studied in this paper. In the final analysis, however, the total value of their packages still falls far short of the FSDs.

The first American institution provides free first class furnished accommodation plus the use of an automobile, for which the employee is asked to contribute a service charge of 5 per cent of his gross salary. With the exception of education costs, which are paid (100 per cent) for children up to pre-university level, no other provisions are available.

The second American institution requires that employees share in shelter costs up to \$100 a month plus a further 1/3 of the balance. No education allowance is available but all employees do have the free use of automobiles.

The Canadian institution differs from the other two in that its funds come, indirectly, from government. (The others depend on grants or donations from private or corporate sources.) Its peripheral benefits include the payment of all housing costs providing the standards are comparable to 'local' levels (utilities are the employee's responsibility); education costs are subsidized up to \$2000 at the foreign location and up to \$3000 away from the post (in Canada this amount is increased to \$3700). No insurance costs, vacation or travel assistance are paid by the employer nor are costs for the shipment of automobiles reimbursed.

The analysis of the financial terms and conditions of overseas development advisers, even if limited, is useful in describing and defining a level at which expatriates are asked to work abroad. Given the unique nature of their work, the absence of what would usually be considered necessary provisions is understandable. It is clear, however, that these conditions are inadequate to support the needs of a larger and more diverse expatriate population.

Supra-governmental Organizations

Supra-governmental organizations may offer benefits packages that contain elements of the packages offered by their member states, but for the most part, they design their systems to meet the organization's particular requirements.

TABLE 12
FSD/SUPRA-GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS
LONDON

Salary Levels	Foreign Service Directives		Organization #2	
	Single	M+2	Single	M+2
\$15,000	\$20,540	\$22,080	\$16,835	\$19,910
\$30,000	\$41,360	\$44,720	\$29,928	\$34,988
\$50,000	\$66,740	\$70,800	\$49,884	\$55,941

TABLE 13
FSD/SUPRA-GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS
HONG KONG

Salary Levels	Foreign Service Directives		Organization #1	
	Single	M+2	Single	M+2
\$15,000	\$18,753	\$20,393	\$30,248	\$31,125
\$30,000	\$37,060	\$40,195	\$51,318	\$52,906
\$50,000	\$59,515	\$63,225	\$80,186	\$82,787

Table and Figure 12 show that the value of the major components for employees of one supra-governmental organization in London is noticeably lower than the value of the FSDs — the average gap approaches \$10,000. This difference is due to the application of a negative post index and does not indicate generally inferior provisions at all the locations where this organization is represented (see, for example, Table 15 for Cairo).

Table 13 illustrates the reverse situation. In Hong Kong the major components of the FSDs fall short of the financial package of organization #1 by \$10,000-20,000. Several reasons account for this:

1. Hong Kong is considered hardship level I under the FSDs. Organization #1 interprets the degree of hardship as being much higher relative to its home base.
2. The relative difference in the cost of living between the home base of organization #1 and Hong Kong yields a considerably higher post index than that established for Canadian foreign service employees in relation to Ottawa.

FIGURE 12

FSD/SUPRA - GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS

LONDON

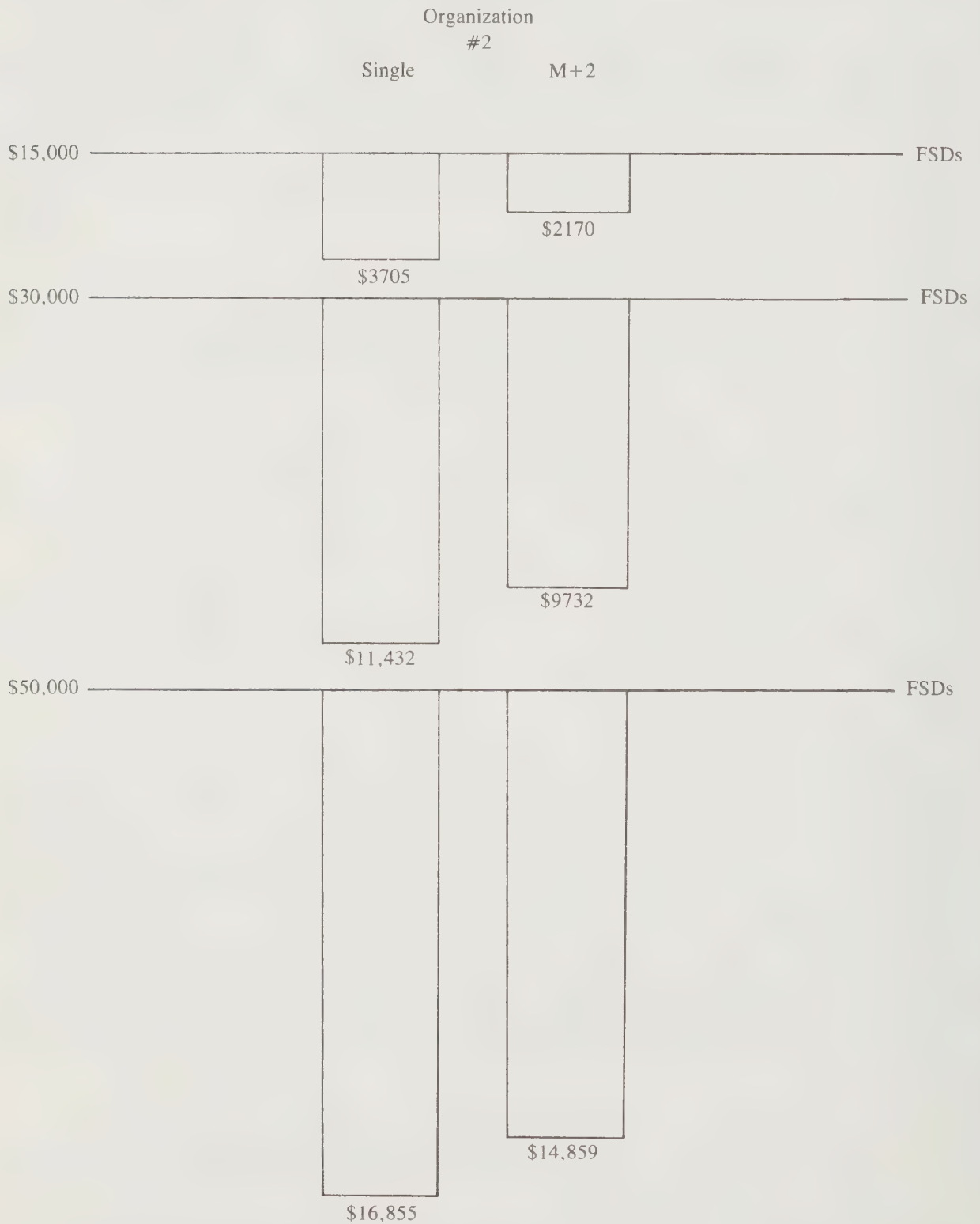


FIGURE 13

FSD/SUPRA - GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS

HONG KONG

Organization
1

Single

M+2

\$11,495

\$10,732

\$15,000

FSDs

\$14,258

\$12,711

\$30,000

FSDs

\$20,671

\$19,562

\$50,000

FSDs

TABLE 14
FSD/SUPRA-GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS
MEXICO CITY

Salary Levels	Foreign Service Directives		Organization #1	
	Single	M+2	Single	M+2
\$15,000	\$17,575	\$19,125	\$22,144	\$22,501
\$30,000	\$34,375	\$37,225	\$38,516	\$39,151
\$50,000	\$55,075	\$58,425	\$61,933	\$62,900

TABLE 15
FSD/SUPRA-GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS
CAIRO

Salary Levels	Foreign Service Directives		Organization #1		Organization #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,025	\$19,800	\$22,955	\$23,363	\$26,154	\$30,930
\$30,000	\$34,825	\$37,900	\$39,786	\$40,526	\$46,493	\$54,354
\$50,000	\$55,525	\$59,100	\$63,758	\$64,970	\$77,495	\$86,904

3. As a matter of policy, this organization seeks to provide terms and conditions of service that are superior to other international employers.

In Mexico City (Table 14), the variations are not as dramatic, but the supra-governmental organization is still consistently more generous across the board. Again, this is accounted for by a higher hardship factor and post index. The FSDs fall short by between \$2000 and \$7000.

Comparing organization #1 and the FSDs, the situation in Cairo is similar. With one exception, the total value of the packages has also increased (by \$400 for a single employee at the \$15,000 level and by \$1400 across the board at \$50,000) in recognition of the more difficult hardship location.

The package offered by organization #2 is generous to begin with. The added effect of a positive post index results in packages that average 44 per cent more than the FSDs. For single employees the package is, on average, \$14,000 more generous. For married employees with two dependents, the gap is over \$18,000.

Peripherals: Almost all the additional benefits provided in the FSDs are also offered by these organizations. However, organization #1 also offers a repatria-

FIGURE 14

FSD/SUPRA - GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS

MEXICO CITY

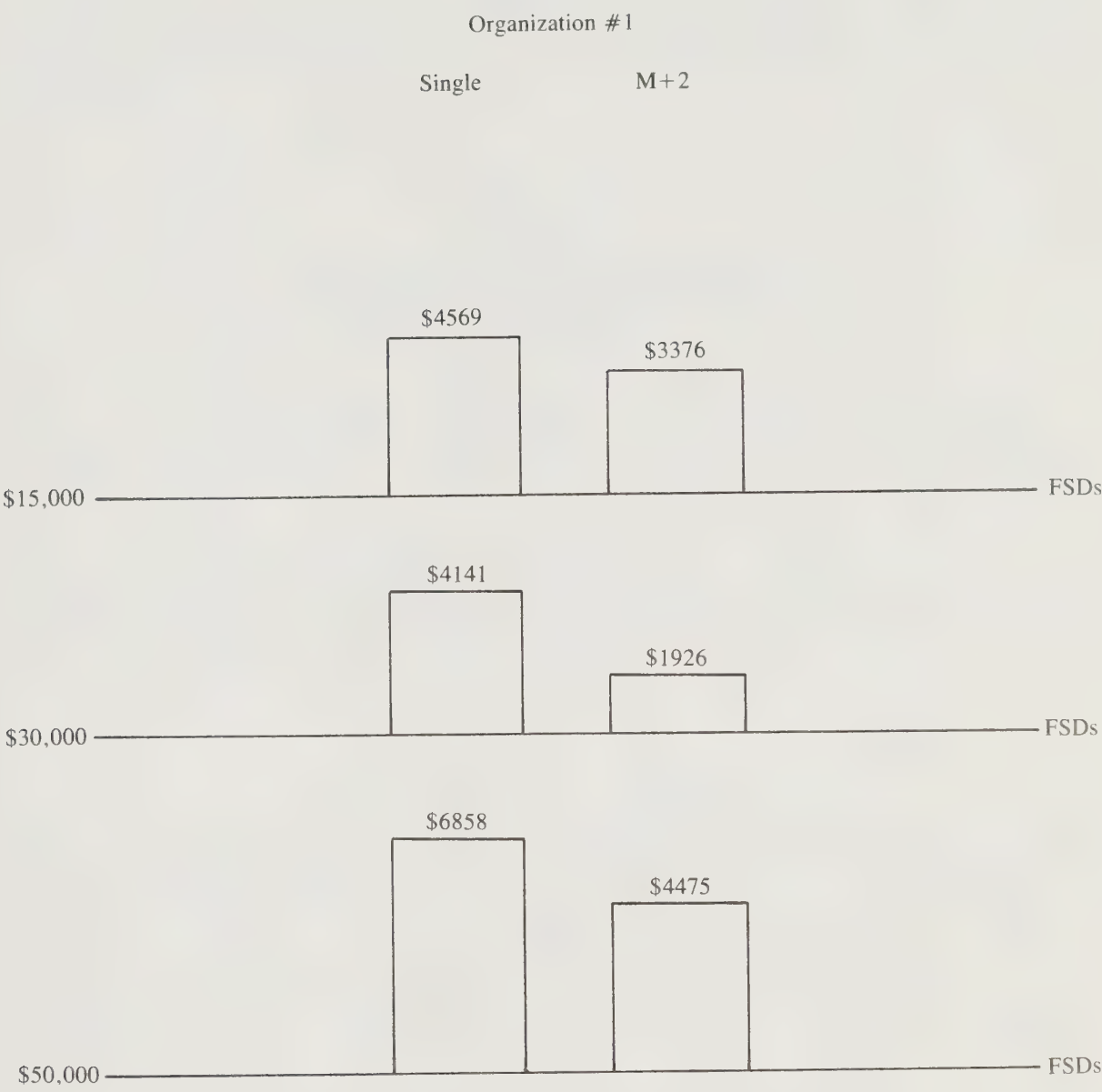
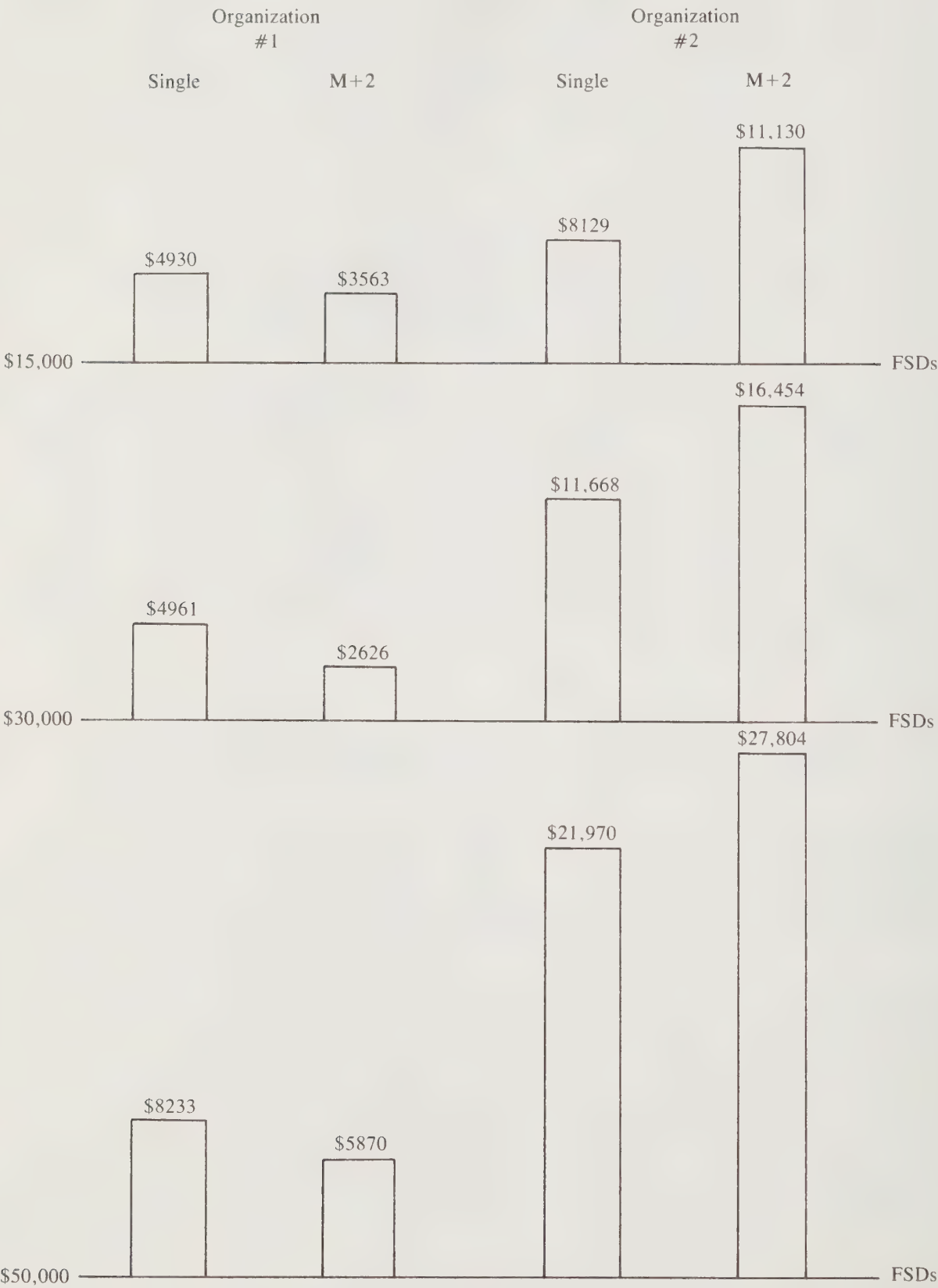


FIGURE 15

FSD/SUPRA - GOVERNMENTAL ORGANIZATIONS
COMPARISON OF MAJOR COMPONENTS

CAIRO



tion grant for employees posted back to headquarters as well as a termination indemnity in lieu of pension on dismissal. In addition to its already generous package, organization #2 provides free rent and utilities in hardship locations as well as a car, a driver and night security.

These organizations can usefully be compared with the Canadian foreign service because the functions and responsibilities of employees are generally similar. Even discounting the extreme effects of the post index in the case of organization #2, the figures indicate that the Foreign Service Directives generally fall far short of the benefits provided by either supra-governmental organization.

TABLE 16
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
LONDON

Salary Levels	Foreign Service Directives		Foreign Government #1		Foreign Government #2		Foreign Government #3	
	Single	M+2	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$20,540	\$22,080	\$22,966	\$31,069	—	—	—	—
\$30,000	\$41,360	\$44,720	\$38,400	\$47,934	\$42,941	\$54,082	\$61,125	\$78,789
\$50,000	\$66,740	\$70,800	\$67,726	\$74,626	\$69,608	\$87,122	—	—

Salary Levels	Foreign Government #4		Foreign Government #5		Foreign Government #6	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$22,838	\$32,461	\$32,813	—	\$19,978	\$20,458
\$30,000	\$33,009	\$47,002	—	—	\$38,695	\$39,511
\$50,000	\$53,035	\$73,039	—	—	\$63,470	\$64,526

Foreign Governments

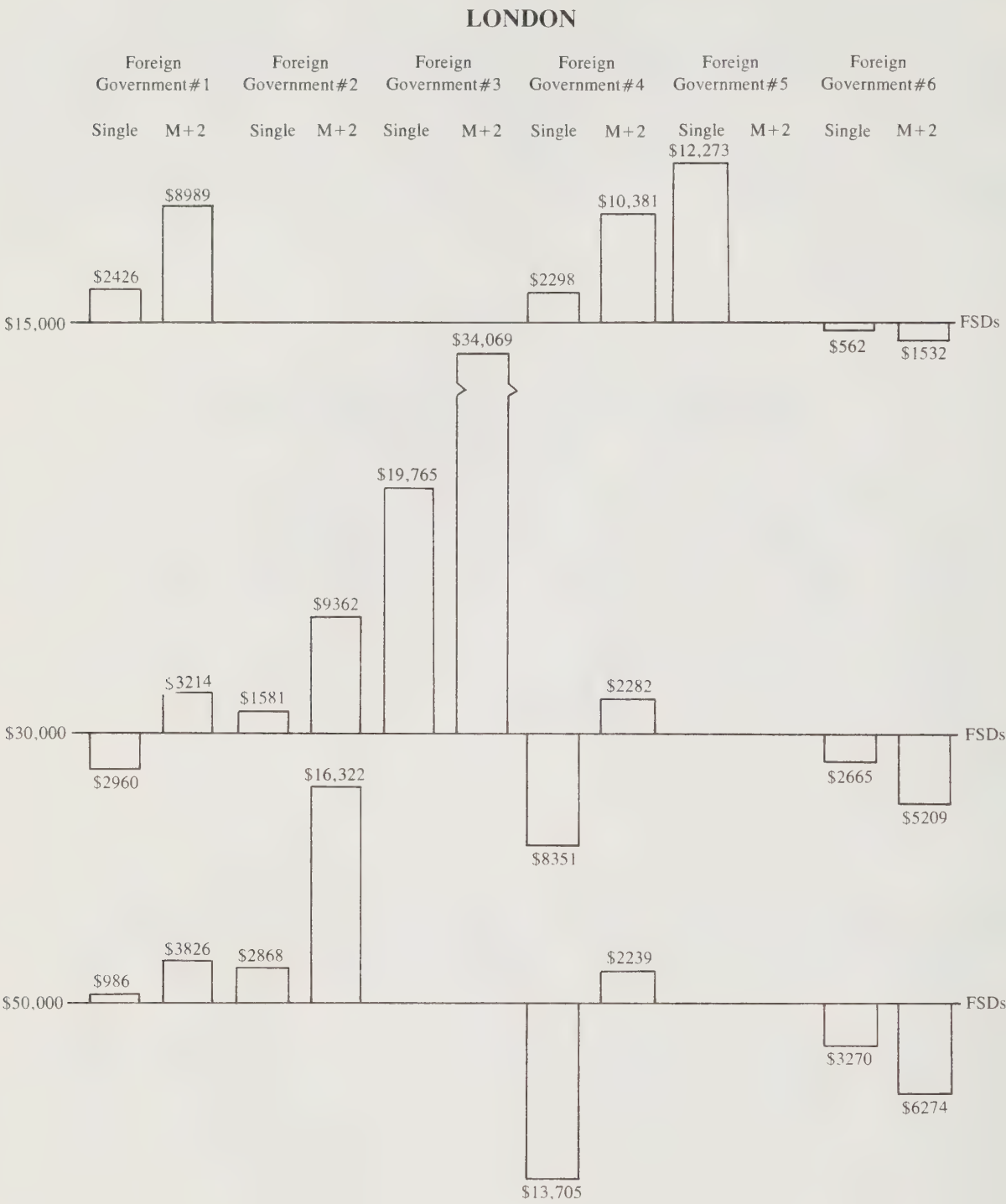
The eight systems analyzed in this section were chosen from among those of the seventeen top-ranked (in terms of GNP) OECD member countries.* It is therefore reasonable to assume that they provide a representative cross-section of the various approaches to compensation and financial incentives for foreign service used by industrialized countries. At the time of our study, the majority of these administrations were either conducting similar examinations to our

* Canada ranked in seventh position.

FIGURE 16

FSD/FOREIGN GOVERNMENTS

COMPARISON OF MAJOR COMPONENTS



own or had recognized that foreign service morale might profit from revisions to existing rules and regulations. The Canadian foreign service is not the only one affected by problems such as inflation, currency fluctuations and the increasing difficulties associated with living abroad. The fact that all the governments in this section face similar problems in sending and keeping employees abroad makes the comparison of the approaches they have adopted particularly relevant.

Table 16 shows the value of financial packages at most levels for six of the eight governments in comparison with the Foreign Service Directives. Figure 16 illustrates that the financial conditions of foreign service are far from identical. Indeed, even if some of the systems are similar, the bases for calculating them are in many instances so different that some distortion is probable. For example, the basis for most post indices is the capital city of the home country, where costs of living vary substantially, inflation rates are different in each country and currencies have different and constantly fluctuating values.

The purposes behind the various systems or specific benefits also vary greatly; allowances meant to ‘compensate’ are very different from those meant to serve as ‘incentive’. Even within the same government, identical provisions can produce widely divergent results, depending on factors such as salary level (as shown in the examples for governments #1 and 4) and family status (government #2). The one fact that stands out in comparison with the other sectors already studied is, without doubt, the more generous provisions consistently provided when a spouse accompanies the employee.

TABLE 17
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
HONG KONG

Salary Levels	Foreign Service Directives		Foreign Government #1		Foreign Government #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,753	\$20,393	\$18,038	\$23,778	—	—
\$30,000	\$37,060	\$40,195	\$34,214	\$40,598	\$36,737	\$45,009
\$50,000	\$59,515	\$63,225	\$57,574	\$65,274	—	—

Salary Levels	Foreign Government #3		Foreign Government #5		Foreign Government #6	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	—	—	—	—	\$18,808	\$18,928
\$30,000	\$43,743	\$54,472	—	\$44,975	\$36,787	\$36,991
\$50,000	—	—	—	—	\$60,968	\$61,232

FIGURE 17

FSD/FOREIGN GOVERNMENTS

COMPARISON OF MAJOR COMPONENTS

HONG KONG

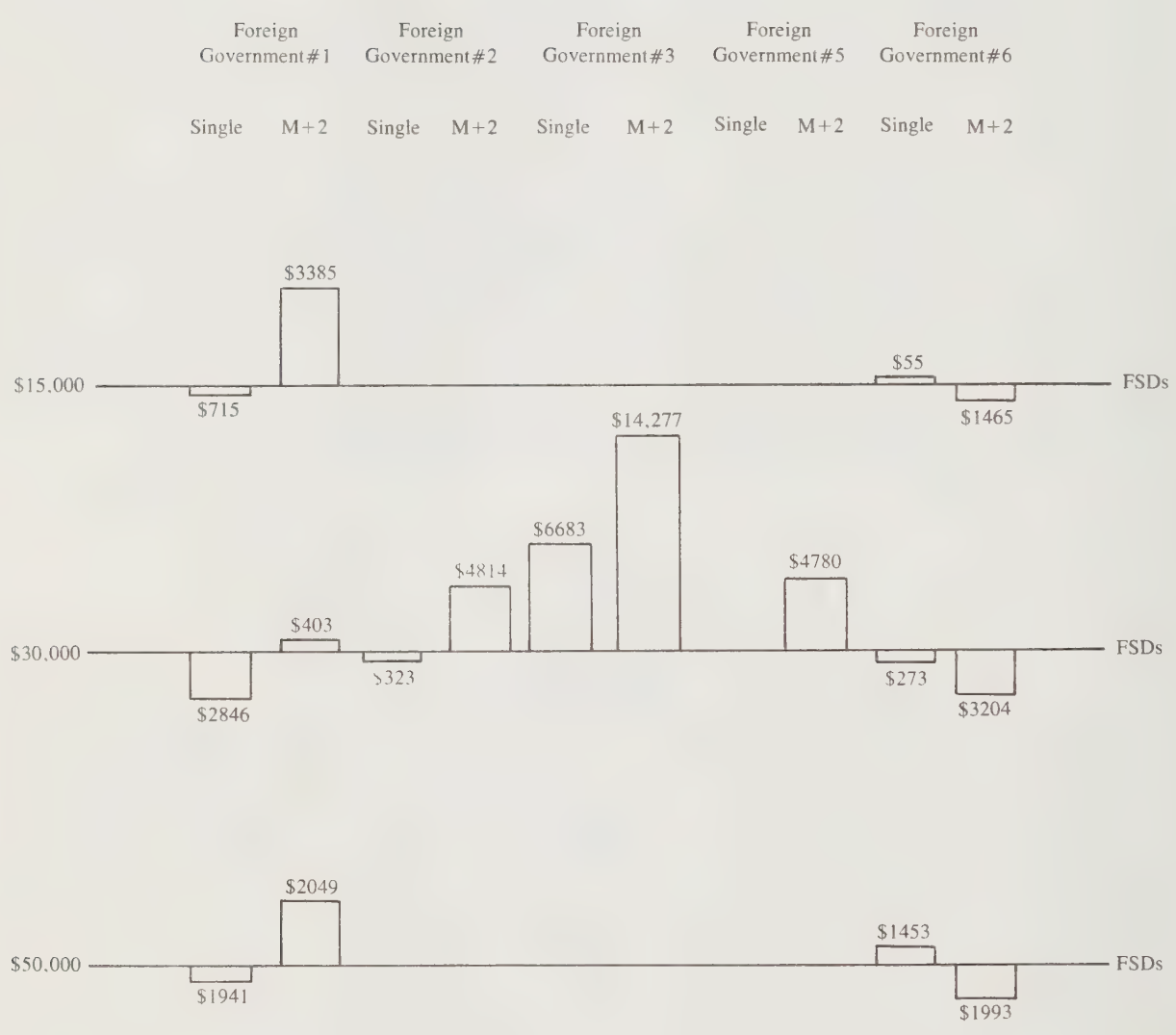


TABLE 18
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
MEXICO CITY

Salary Levels	Foreign Service Directives		Foreign Government #1		Foreign Government #2		Foreign Government #3	
	Single	M+2	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$17,575	\$19,125	\$17,856	\$22,126	—	—	—	—
\$30,000	\$34,375	\$37,225	\$32,562	\$36,860	\$40,475	\$50,152	\$36,190	\$43,898
\$50,000	\$55,075	\$58,425	\$55,376	\$60,570	—	—	—	—

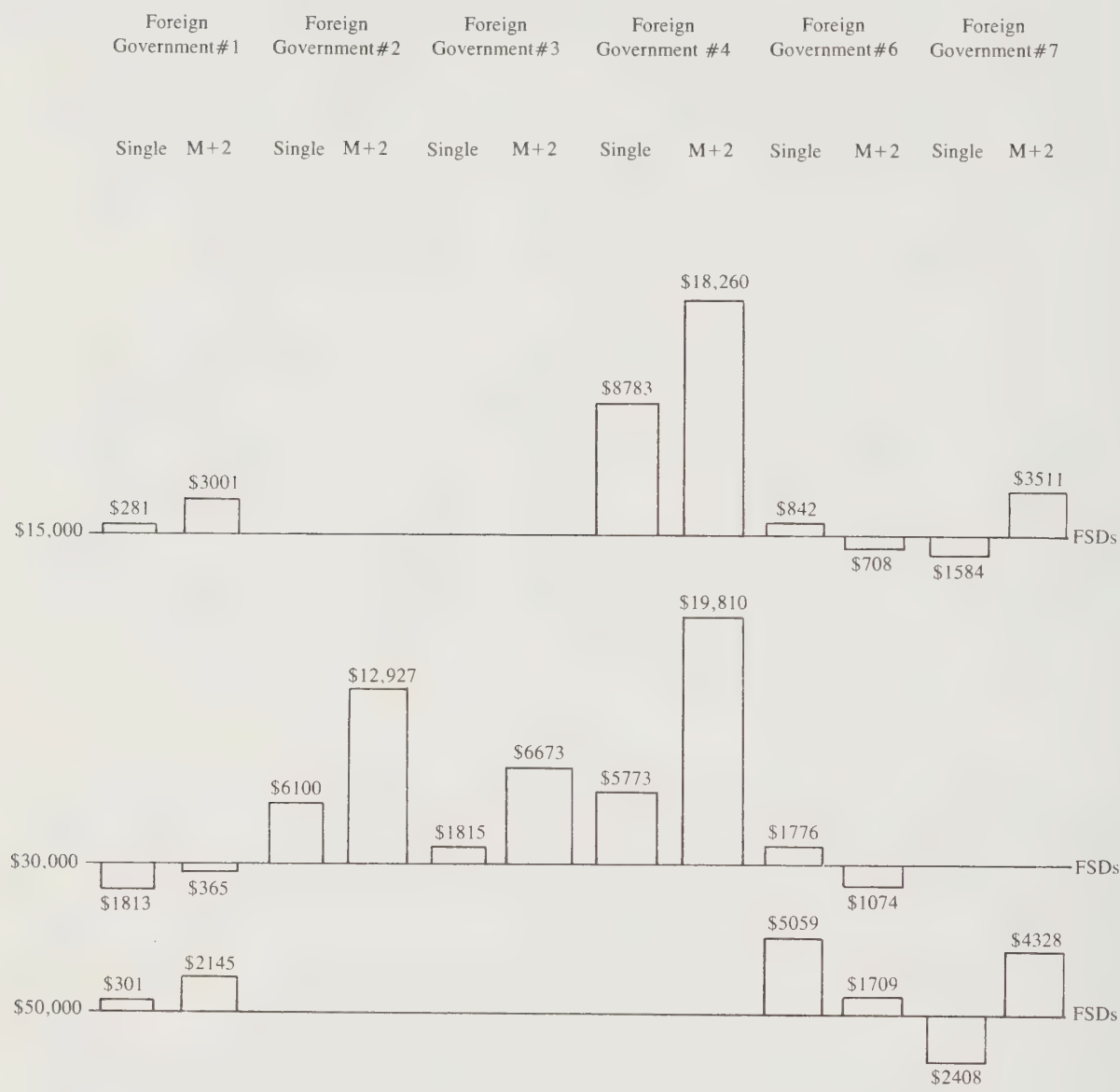
Salary Levels	Foreign Government #4		Foreign Government #6		Foreign Government #7	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$26,358	\$37,385	\$18,417	\$18,417	\$15,991	\$22,636
\$30,000	\$40,148	\$57,035	\$36,151	\$36,151	—	—
\$50,000	—	—	\$60,134	\$60,134	\$52,667	\$62,753

In relation to the provisions of the FSDs, in 16 of 25 cases in Figure 16 other foreign services pay more generous allowances under the major components of their systems. Moreover, some of these differences are striking; seven are over \$8000 more generous and five of these are above the \$10,000 mark. One even exceeds the FSDs by \$34,000. On average, employees of other foreign services receive an additional \$3500 in allowances. Even discounting the figures for government #3, which bias the average upward, the average is still \$1500 more generous. On average, married employees with two dependents are \$5000 better off than their single counterparts. Across the salary levels, support staff and junior employees at \$15,000 and \$30,000 are proportionally better off than their colleagues at the \$50,000 level.

Governments appear to have a common approach for locations like London; as the base salary increases, the value of the allowance portion of the package declines. This seems to indicate that the purpose of the benefits is to meet higher costs of living rather than to compensate for differences in the quality of life.

The spread between the FSDs and the provisions of the other six governments narrows considerably in Hong Kong as compared with London, but the value of the average package is still higher. There is also a more even split between packages that exceed and those that fall short of the FSDs. Nonetheless, the preferential treatment of employees with spouses (and dependents) is carried over to Hong Kong although at a somewhat more moderate rate.

FIGURE 18
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
MEXICO CITY



These trends continue to be evident in Mexico City. At this location, the average package exceeds the FSDs by almost \$4000 with six examples being in excess of \$5000. For single employees this represents an average increase of approximately \$2300; for married employees over \$5800. (To be noted on Table 18 is the absence of additional allowances for married employees of government #6.) Whereas in Hong Kong, employees of other foreign services receive less than their Canadian counterparts in 53 per cent of the examples, this figure drops to 25 per cent in Mexico City. This would suggest that the current post index for Canadian foreign service employees in Mexico City is out of line.

TABLE 19
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
CAIRO

Salary Levels	Foreign Service Directives		Foreign Government #1		Foreign Government #2	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$18,025	\$19,800	\$16,288	\$19,102	—	—
\$30,000	\$34,825	\$37,900	\$31,260	\$35,068	\$39,812	\$47,532
\$50,000	\$55,525	\$59,100	\$52,870	\$58,050	\$62,767	\$70,701

Salary Levels	Foreign Government #3		Foreign Government #6		Foreign Government #8	
	Single	M+2	Single	M+2	Single	M+2
\$15,000	—	—	\$21,180	\$21,180	\$17,617	\$23,654
\$30,000	\$49,808	\$62,964	\$41,574	\$41,574	\$34,155	\$42,250
\$50,000	—	—	\$69,155	\$69,155	\$55,789	\$65,639

TABLE 20
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
JEDDAH

Salary Levels	Foreign Service Directives		Foreign Government #1		Foreign Government #2		Foreign Government #3	
	Single	M+2	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$22,148	\$24,683	\$24,170	\$32,080	—	—	—	—
\$30,000	\$42,465	\$46,755	\$40,038	\$49,656	\$51,431	\$67,777	\$63,664	\$82,362
\$50,000	\$67,260	\$72,225	\$63,594	\$75,522	—	—	—	—

FIGURE 19
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
CAIRO

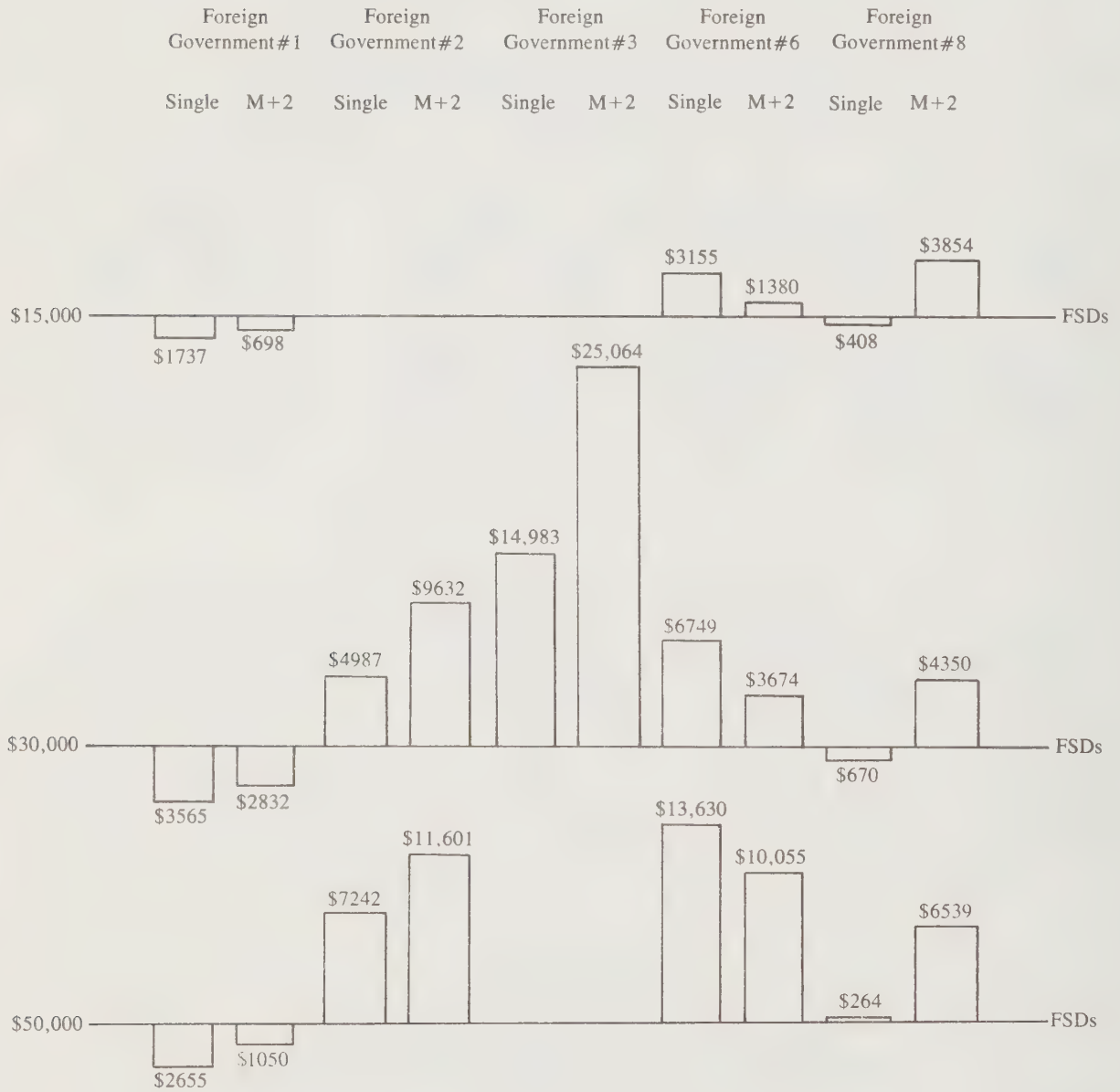


FIGURE 20

FSD/FOREIGN GOVERNMENTS
COMPARISONS OF MAJOR COMPONENTS

JEDDAH

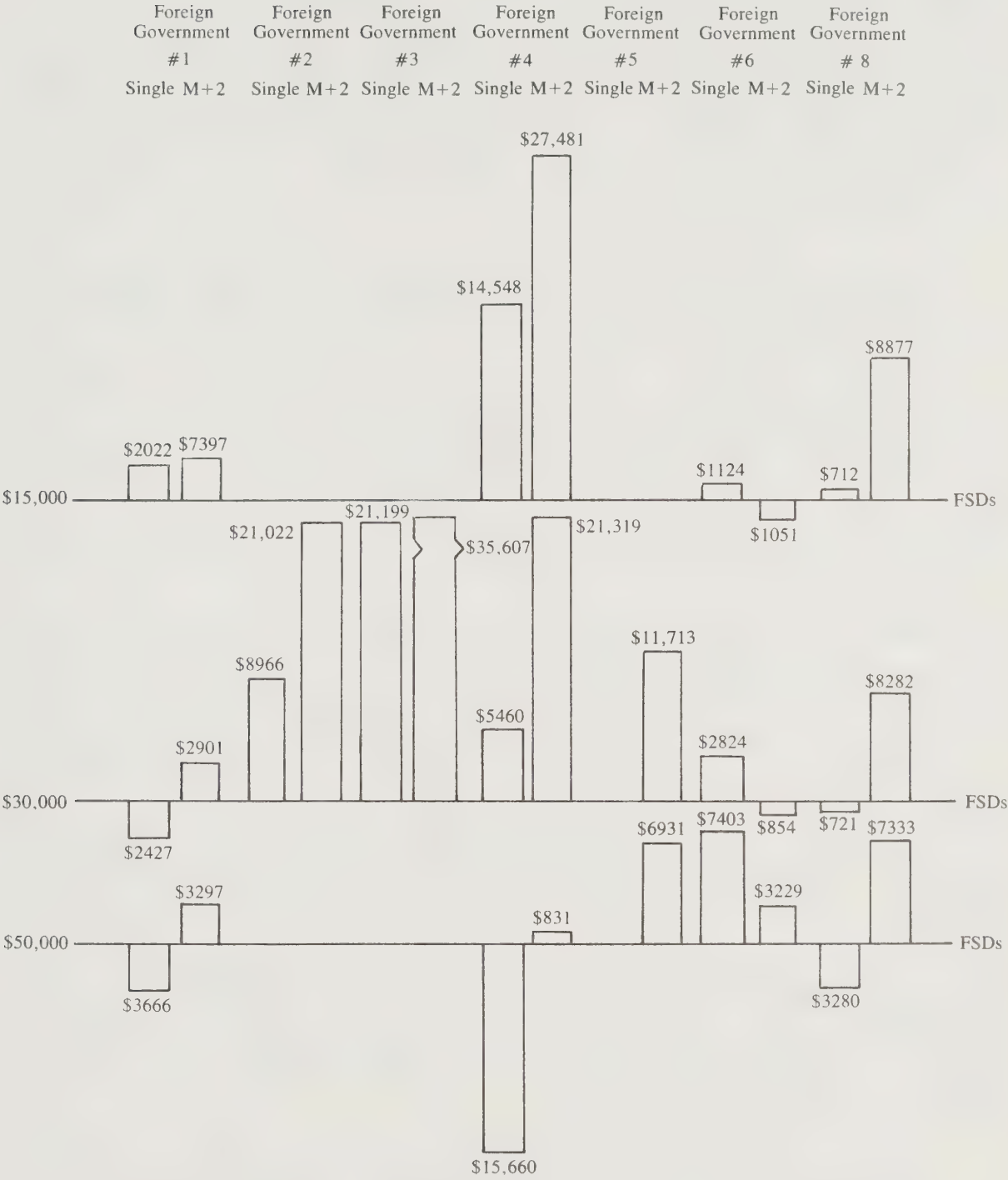


TABLE 20 (cont'd)
FSD/FOREIGN GOVERNMENTS
COMPARISON OF MAJOR COMPONENTS
JEDDAH

Salary Levels	Foreign Government #4		Foreign Government #5		Foreign Government #6		Foreign Government #8	
	Single	M+2	Single	M+2	Single	M+2	Single	M+2
\$15,000	\$36,696	\$52,164	—	—	\$23,272	\$23,632	\$22,860	\$33,560
\$30,000	\$47,925	\$68,074	—	\$58,468	\$45,289	\$45,901	\$41,744	\$55,037
\$50,000	\$51,600	\$73,056	—	\$79,156	\$74,663	\$75,454	\$63,980	\$79,558

Figures for Cairo also show that the value of the FSDs falls behind that of the other governments. Only 30 per cent of the examples fall short of the FSDs.

In Jeddah all employees, including those of the Canadian government, receive higher allowances than in the other four locations as a result of the much higher cost of living. Other governments, however, provide substantially higher benefits than we do. Figure 20 shows that on average the allowances of other governments exceed the FSDs by \$6760. In Jeddah 77 per cent of the examples exceed the FSDs.

Peripherals: The list of peripheral items in Table 21 shows that most of the foreign services analyzed have fairly extensive allowance systems designed to meet many of the conditions under which their expatriate employees serve. Because they are designed to cover similar problems and conditions, the range and extent of the financial packages offered by these governments is also similar. Most governments attempt to provide a standard of living that meets the needs of their representatives abroad (this standard is often established in relation to both the home country and the local practices of the foreign community). There are, however, significant differences related to several fundamental factors such as home base salary, the guiding principles and objectives that shape the expatriate financial package, and the response to the needs of spouses and dependents within the foreign service. The following are among the principal differences between the additional benefits provided by the governments examined and the FSDs:

- Most governments offer free housing. This runs counter to the Canadian situation where employees have to pay a rent share corresponding to "the cost of average fully-serviced unfurnished rental accommodation normally occupied by a person of similar salary and family configuration in the Ottawa-Hull area". This rent share varies from \$216 for a single employee whose annual salary is in the \$14,000 - \$15,999 range, to \$623 for a family of four or more in which the employee makes an annual salary of \$40,000 or more. (The FSDs do, however, have a counterbalanc-

TABLE 21
PERIPHERAL BENEFITS
(AS COMPARED WITH THE FSDS)
FOREIGN GOVERNMENTS

The FSDs	Foreign Government #1	Foreign Government #2
<ul style="list-style-type: none"> • <i>Housing</i>: employer pays costs exceeding average Ottawa/Hull rent based on income and family size • <i>Relocation</i>: travel, accommodation removal and storage expenses paid subject to time and weight restrictions, incidental expense allowance \$100-\$200 • <i>Posting loan</i>: up to \$4000 depending on number of dependents, available for length of posting at government interest rate to Crown corporations • <i>Auto loan</i>: up to \$2600 when importation appropriate • <i>Education</i>: government pays all reasonable costs to ensure standard of Ontario Grade 13; pays up to \$2.50/day for post-secondary shelter expenses; pays travel and holiday expenses for students not at post • <i>Home leave</i>: half day/month of service abroad to maximum of 36 days; plus an allowance; vacation credits may be exchanged for air ticket • <i>Family reunion</i>: 2 return trips/year for dependent student • <i>Language allowance</i>: \$15-\$45/month 	<p>Provisions are generally similar to those of the FSDs</p>	<ul style="list-style-type: none"> • <i>Housing</i>: free including utilities but no costs paid in respect to properties owned in home country • <i>Removal grant on posting</i>: \$998 single; \$1483 married; \$124 per child • <i>Posting loan</i>: up to \$10,000 at 6% interest repayable over 3 years • <i>Home leave</i>: every year • <i>Holidays</i>: 53 days per year

TABLE 21 (cont'd)

The FSDs	Foreign Government #3	Foreign Government #4
<ul style="list-style-type: none">• <i>Housing</i>: employer pays costs exceeding average Ottawa/Hull rent based on income and family size• <i>Relocation</i>: travel, accommodation, removal and storage expenses paid subject to time and weight restrictions, incidental expense allowance \$100-\$200• <i>Posting loan</i>: up to \$4000 depending on number of dependents, available for length of posting at government interest rate to Crown corporations• <i>Auto loan</i>: up to \$2600 when importation appropriate• <i>Education</i>: government pays all reasonable costs to ensure standard of Ontario Grade 13; pays up to \$2.50/day for post-secondary shelter expenses; pays travel and holiday expenses for students not at post• <i>Home leave</i>: half day/month of service abroad to maximum of 36 days; plus an allowance; vacation credits may be exchanged for air ticket• <i>Family reunion</i>: 2 return trips/year for dependent student• <i>Language allowance</i>: \$15-\$45/month	<ul style="list-style-type: none">• <i>Housing</i>: where not provided free, allowance to cover rent, utilities and related expenses• <i>Language allowance</i>: equal to 20% of basic overseas allowance• <i>Death Benefit Clause</i>: spouse continues to receive 100% of allowances for 180 days	<ul style="list-style-type: none">• <i>Housing</i>: free• <i>Outfitting allowance</i>: e.g., counsellor, sub-tropical regions: \$C885• <i>Car and furniture loans</i>: up to 3 months of salary at commercial rates• <i>Education</i>: 100% for government's account but surcharge of 3% of base salary against employee for each child• <i>Home leave</i>: every 2 years except annually in Communist countries

TABLE 21 (cont'd)

The FSDs	Foreign Government #5	Foreign Government #6
<ul style="list-style-type: none">• <i>Housing</i>: employer pays costs exceeding average Ottawa/Hull rent based on income and family size• <i>Relocation</i>: travel, accommodation removal and storage expenses paid subject to time and weight restrictions, incidental expense allowance \$100-\$200• <i>Posting loan</i>: up to \$4000 depending on number of dependents, available for length of posting at government interest rate to Crown corporations• <i>Auto loan</i>: up to \$2600 when importation appropriate• <i>Education</i>: government pays all reasonable costs to ensure standard of Ontario Grade 13; pays up to \$2.50/day for post-secondary shelter expenses; pays travel and holiday expenses for students not at post• <i>Home leave</i>: half day/month of service abroad to maximum of 36 days; plus an allowance; vacation credits may be exchanged for air ticket• <i>Family reunion</i>: 2 return trips/year for dependent student• <i>Language allowance</i>: \$15-\$45/month	<ul style="list-style-type: none">• <i>Housing</i>: free• <i>Repatriation grant</i>: \$5400 each time employee is moved• <i>Small furnishing allowance</i>: \$300 p.a.• <i>Posting loans</i>: available at commercial rates but guaranteed by home government• <i>Home leave</i>: every 2 years at hardship posts; 3 years everywhere else• <i>Tax allowance</i>: equivalent to income tax paid to home government	<ul style="list-style-type: none">• <i>Housing</i>: free• <i>Wardrobe expenses</i>: for transfers between extreme climatic zones: single: \$75; married + 1: \$125; married + 2: \$175• <i>Education</i>: most costs paid by government• <i>Separate maintenance allowance</i>: when conditions at post require maintenance of dependents elsewhere, based on additional expenses for housing and household equipment in maintaining spouse and dependents

TABLE 21 (cont'd)

The FSDs	Foreign Government #7	Foreign Government #8
<ul style="list-style-type: none"> • <i>Housing</i>: employer pays costs exceeding average Ottawa/Hull rent based on income and family size • <i>Relocation</i>: travel, accommodation, removal and storage expenses paid subject to time and weight restrictions, incidental expense allowance \$100-\$200 • <i>Posting loan</i>: up to \$4000 depending on number of dependents, available for length of posting at government interest rate to Crown corporations • <i>Auto loan</i>: up to \$2600 when importation appropriate • <i>Education</i>: government pays all reasonable costs to ensure standard of Ontario Grade 13; pays up to \$2.50/day for post-secondary shelter expenses; pays travel and holiday expenses for students not at post • <i>Home leave</i>: half day/month of service abroad to maximum of 36 days; plus an allowance; vacation credits may be exchanged for air ticket • <i>Family reunion</i>: 2 return trips/year for dependent student • <i>Language allowance</i>: \$15-\$45/month 	<ul style="list-style-type: none"> • <i>Housing</i>: assistance allowance on home posting ranges from 10-20% of base salary: on posting abroad, free for officers and housing assistance for support staff based on family size and market conditions • <i>Transfer allowance</i>: equal to 25% of base salary for transfers to or between posts; 12½% for postings back home, payable for 3 years upon return, ranges from \$288 to \$1233 p.a. depending upon grade • <i>Education</i>: government defrays up to 85% of costs incurred to a maximum of \$2400 	<ul style="list-style-type: none"> • <i>Housing/furnishings/utilities</i>: free • <i>Transfer grant</i>: single, 5% of salary; married with dependent, 8%; posting home 10%-12% respectively; married + 2, 15% • <i>Family reunion</i>: twice a year, third time contributory rate • <i>Continuing language allowance</i>: ½ of costs of tuition for maximum of 5 years to maintain proficiency

ing directive that provides a one-time reimbursement for legal and real estate fees when an employee purchases or sells a home. This practice is generally not followed by other governments.)

- Some governments, including ours, assist their employees financially at the time of transfer by offering loans to cover some extra expenses, often including funds for the purchase of an automobile. The amounts and the interest rates vary, often considerably, from one government to another. The FSDs fall behind in this area.
- Under current FSD provisions a reimbursement of only \$100 for single and \$200 for married employees is provided to cover unspecified incidental expenses. Other governments provide allowances such as small furnishings and outfitting allowances, repatriation grants, wardrobe expenses for transfers between climatic zones home posting and posting out transfer allowances, unconditional transfer allowances, housing assistance allowances, etc.
- The home leave provisions of most of the foreign governments examined are more generous than those for Canadian government employees. The average is every two years.

In addition, some governments offer unique benefits that place their financial packages far ahead of the FSDs. Four examples are:

1. the reimbursement of income tax deducted at source in the form of a tax-free allowance;
2. more generous holiday provisions (53 days per year in one case);
3. exemption from local taxes (the equivalent of Canadian provincial and municipal taxes) while posted overseas; and
4. the payment directly to the spouse of a foreign service premium equivalent to half the total amount received as allowances by the employee.

The benefits systems of the eight governments considered in this section are, at minimum, comparable to the FSDs; in most cases they go beyond the present scope of the Directives. There is no question that Canada's foreign service benefits from a reasonable and realistic set of provisions governing service abroad. Nevertheless, the total value of the financial and benefits package offered by the government of Canada is frequently significantly less than that of other foreign services.

Summary and Conclusions

Figures 22 and 23 summarize the results of comparing the FSDs with the six other sectors. With the exception of the overseas development advisers, who do not compare with the other sectors due primarily to their different role

abroad and the employer's narrower approach to benefits, the overall picture clearly reveals that:

1. the major components of the benefits systems paid by all other institutions are, for the most part, more generous than the amounts received abroad by Canadian foreign service personnel;
2. married employees generally receive proportionally less generous benefits than their single colleagues;
3. generally, employees who are at the lower end of the salary spectrum (primarily support personnel) receive less generous allowances than others;
4. hardship is not given substantial recognition in most benefits packages; the exception to this is the packages provided by private sector employers.

Simply put, under the current provisions of the Foreign Service Directives, members of Canada's foreign service are in a less favourable position than employees of the companies and organizations examined in terms of the value of financial packages. To complete the analysis, however, it is essential to account for peripheral items that supplement and affect the terms and conditions of service overseas. With few exceptions, the value of the additional benefits received by other expatriates compares favourably with the FSDs and, in many cases, exceeds them. Some of the additional or unique features that have been identified include:

1. *Shelter*: Most organizations provide free accommodation to their expatriate employees.
2. *Automobiles*: These are generally provided free to the employee or are subsidized at preferred rates. In some cases, though, the employee may be responsible for minimal maintenance and operation charges.
3. *Grants*: Covering such things as relocation, repatriation, transfer and completion, these are usually made available to most international employees and range in value from one to several thousands of dollars.
4. *Additional premiums*: To compensate for rotationality or mobility, these incentives are often paid on home posting (equal to a few thousand dollars a year) and up to 25 per cent of base salary while serving abroad.
5. *Home leave*: The practice runs between a minimum of once every second year to an increasing number of governments who make it available every year.
6. The trend for medical, car and life *insurance* is, universally, to continue or parallel the provisions of domestic policies at no cost to the employee when abroad.

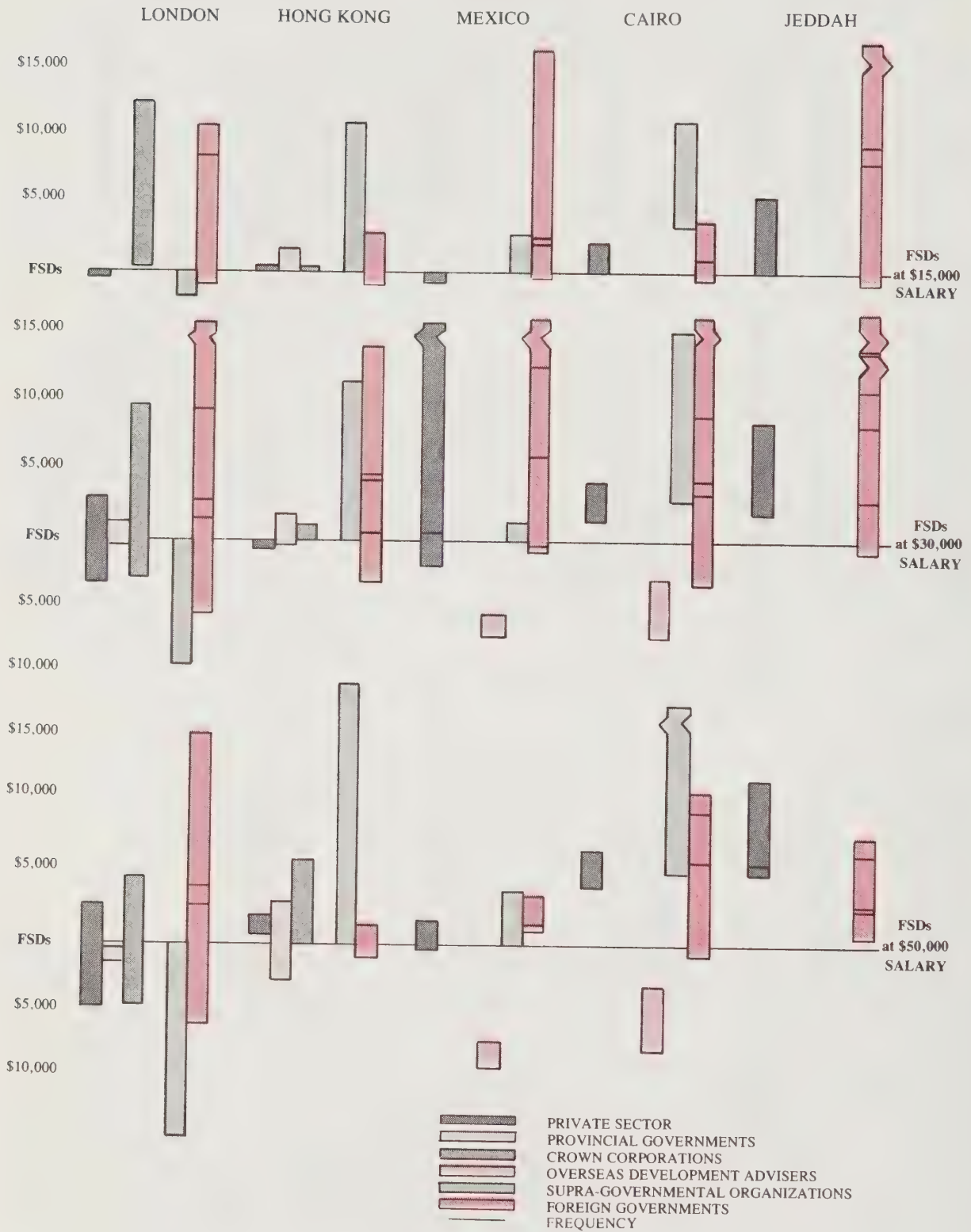
FIGURE 22
FSD/ALL SECTORS
COMPARISON OF MAJOR COMPONENTS
SINGLE EMPLOYEES



FIGURE 23

FSD/ALL SECTORS
COMPARISON OF MAJOR COMPONENTS

MARRIED EMPLOYEES (+2 Dependents)



THE PERCEPTIONS OF FOREIGN SERVICE EMPLOYEES, SPOUSES AND DEPENDENTS

Overview of the Responses to Employee, Spouse and Youth Questionnaires

This report provides an overview of the results of an extensive, world-wide survey of Canadian foreign service personnel (both rotational and single assignment/secondments), spouses and dependent youths. The study was conducted by the Commission as part of its research effort. The three reports summarized here are entitled *Report 1 — Foreign Service Employees*, *Report 2 — Foreign Service Spouses*, and *Report 3 — Foreign Service Youths*, and will be published separately.

It is estimated that there are a total of 2810 current foreign service employees, 1729 foreign service spouses and 2191 youth dependents. Of these, 1279 employees (46 per cent), 695 spouses (41 per cent) and 410 youths (18 per cent) responded.

Response from employees posted in Ottawa was low (27 per cent) compared with the response from overseas (56 per cent). A number of employees in Ottawa were confused as to whether to regard Ottawa as a post or to answer the questions on the basis of their last foreign posting. Where the latter option was taken, the responses were grouped with those from the

appropriate foreign post. This had the effect of further reducing the number of responses that treated Ottawa as a post in its own right. The difference in response rates from overseas and Ottawa is also partially explained by the fact that foreign service employees and families on posting are generally more aware and concerned about conditions in the foreign service than when posted back to headquarters.

With regard to occupational groups, 43 per cent of the employees completing the survey were Foreign Service Officers (FSOs); 33 per cent were Administrative Support personnel, and 14 per cent were Other Officers. Despite some unevenness in the match between the number of responses as a proportion of the population as a whole, representativeness in terms of occupational group, department, marital status, level of hardship of post, and service status was such that the sample was usefully representative of the population being studied (see Table 1 for details).

TABLE 1
SURVEY RESPONSE DATA

Employees

Category	Population	Number Responding	Percentage Response
Rotational	2529	1151	46
Single Assignment/ Secondments	281	128	46
Ottawa	980	269	27
Overseas	1830	1010	56
FSO	1285	639	50
Administrative Support	1244	512	41
Other Officers	281	128	46
Married	1741	900	52
Single	1069	379	35
External Affairs	1978	810	41
ITC	357	196	55
CEIC	238	145	61
Other Departments (CIDA, HWC)	237	128	54
TOTAL	2810	1279	46

Spouses

Category	Population	Number Responding	Percentage Response
Rotational	1557	580	37
Single Assignment/ Secondments	172	115	67
Ottawa	595	125	21
Overseas	1134	570	50
External Affairs	1114	335	30
ITC	249	126	51
CEIC	150	67	45
Other Departments (CIDA, HWC)	216	167	77
FSO	909	377	41
Administrative Support	604	159	26
Other Officers	216	159	74
TOTAL	1729	695	41

Demographics

Age and Gender

Of the employees responding to the survey, 79 per cent were male; 98 per cent of spouses were female. The average age of employees was 38, with 37 being the average for spouses. Both groups ranged in age from early 20s through the 60s. Dependent youths averaged 15 years of age.

Hardship Level of Posts

Twenty-one per cent of the responses were from those posted to Ottawa, 36 per cent from Level A posts, 8 per cent from Level I posts, 14 per cent from Level II posts, 10 per cent from Level III posts and 7 per cent from Level IV posts. (Six per cent of the Ottawa responses were attributed to posts.)

Marital Status and Family Statistics

Seventy per cent of the employees who responded to the survey were married or living with a companion. Nearly all spouses or companions (96 per cent) accompanied employees to the posting. Seventy-one per cent of these couples have children, nearly two-thirds of whom live with their parents at the post.

Educational Level

Of the employees, 82 per cent graduated from university and 41 per cent completed some post-graduate work. Most spouses (82 per cent) have some university education and 46 per cent are college graduates. Among the youths, all levels of school, from elementary through post-graduate, are represented, with the largest number (48 per cent) attending high school and a majority (54 per cent) attending English private schools.

Language

Eighty per cent of employees responding to the questionnaire used English, although 68 per cent of these indicated that they were bilingual. Similarly, 83 per cent of the spouses responded to the questionnaire in English but 55 per cent said they were bilingual.

Overseas Experience

About 20 per cent of the employee group had overseas experience prior to joining the foreign service. Since joining, they have accumulated an average of six years of foreign living experience after an average of nine years employment with the foreign service. Spouses have accompanied their husbands or wives on as many as seven overseas postings, although the average was two. Foreign service youth dependents have lived in an average of three countries and some in as many as six.

Preparation and Reception

Almost half the employees and spouses (43 per cent) rated the preparation materials they received prior to leaving for the post as inadequate and 38 per cent rated the materials as misleading. Eighty per cent of the youths indicated that they felt they were not given much information ahead of time to help them prepare for life in their country of posting.

Among the employees, slightly over half (57 per cent) rated the reception at post as adequate. The view was generally shared by the spouses, although it was rated somewhat less satisfactory by spouses of administrative support personnel.

Post Living Environment

In general, reactions to the adequacy of accommodation, travel, food and non-food items, health and schools varied according to level of hardship. The more difficult the post, the more complaints about conditions. Overall, opinions were mixed.

Accommodation

In comparing their accommodations with those of foreign service employees of other western countries, 35-45 per cent of spouses made non-committal replies — that they were neither better nor worse. The remainder were

divided; some thought their conditions were better than those of other western representatives, others considered themselves worse off. In comparing conditions and living standards abroad with those in Ottawa, 40 per cent of spouses found rent and utility costs more expensive (25 per cent found them less expensive). Other perceptions were that accommodation is more difficult to clean and maintain (50 per cent found it more difficult, 20 per cent found it less difficult), substantially larger in size (56 per cent versus 18 per cent), more unhealthy (43 per cent versus 18 per cent) and generally more convenient to transportation facilities (50 per cent versus 28 per cent).

In evaluating furnishings and appliances provided at post, spouses gave responses similar to those relating to accommodation. There is, however, a large group who consider furnishings very limited in variety (47 per cent) and impersonal (54 per cent).

The pattern of responses by employees to questions about accommodation was similar to that of the spouses.

Recreation and Sports Facilities

A majority of employees and spouses rated recreation and sports facilities at Canadian posts abroad as worse than those provided by other western countries.

Health

Most respondents felt that the chances of developing health problems were greater at their post than in Ottawa. The availability of health care to deal with minor health problems was thought to be relatively satisfactory, but views on the quality of that care varied with the hardship level of the post. For more serious problems, many respondents indicated that health care was unavailable or of generally poor quality. Again, the level of concern expressed depended largely on the level of hardship of the post.

Reactions to public service health programs were mixed. About a third of the respondents rated them as being of good quality; an equal number rated them as poor. Again, the negative responses tended to come from hardship posts.

Schools

Over half the employees (52 per cent) rated high school programs available overseas as worse than those provided in Ottawa. Their ratings of intermediate, primary, kindergarten and preschool programs were slightly more positive. Spouses' reactions seemed slightly more favourable overall, with 64 per cent indicating a sense that their children had either held their own or gained in school when they returned to Ottawa. Members of the youth group also had generally favourable opinions of school abroad; 56 per cent expressed positive attitudes toward teachers, 60 per cent toward subjects offered and 55 per cent toward the sports and recreational opportunities available at their schools.

Working Environment

Overseas Compared with Headquarters

Most of the employee group rated overseas work as challenging, interesting and satisfying compared with work in Ottawa. Employees in the other officers category were particularly positive, followed by FSOs.

Working Conditions

The largest group of employees (50 per cent) rated general working conditions as 'good', while just over a third thought they were 'poor'. Again, other officers gave the most positive responses; administrative support personnel were the least favourable, with 43 per cent labelling conditions 'poor'.

Support Services

In terms of meeting work requirements, support services at the post (financial and personnel administration, etc.) and at headquarters were seen as adequate by nearly half the respondents and inadequate by close to an equally large group. Other officers were somewhat more favourable than either of the other two occupational groups.

Job Training

Nearly half of all employees found job training inadequate, while 29 per cent rated it adequate. Other officers were somewhat more positive than the other groups and FSOs were least satisfied.

Salary

Half of the respondents rated their salary as 'unfair', compared with 24 per cent who indicated that they thought their salaries were equitable. Least satisfied with their salaries were administrative support personnel, 60 per cent of whom rated their salary as 'unfair'.

Overall, 49 per cent of the employees said that foreign service employment had been disadvantageous financially, while 25 per cent found it had been advantageous.

Post Differential and Salary Equalization Allowance

Nearly three-quarters of employees responding to the questionnaire said the Post Differential Allowance did not reflect fairly the hardships faced at their posts, while only 13 per cent took the opposite view. Similarly, nearly three-quarters of those responding found the Salary Equalization Allowance inadequate. This perception was particularly strong among other officers.

Foreign Service Directives

Fifty-nine per cent of the respondents indicated that they found the Directives inadequate, while 24 per cent found them adequate. Dissatisfaction was more pronounced among FSOs than in either of the other two occupational groups.

Career Development and Planning

Over two-thirds of the employees responding to the survey thought that career planning programs in the foreign service were poor; only 17 per cent disagreed with this assessment. Dissatisfaction was particularly strong among administrative support personnel; career planning programs were rated 'poor' by 78 per cent of that group. Sixty-four per cent of FSOs described the programs as poor, while other officers were, relatively speaking, less dissatisfied.

Similar dissatisfaction was expressed with respect to the management of careers in the foreign service, with more than two-thirds of the group rating it 'poor'. Administrative support personnel were the least satisfied (83 per cent found career management poor), followed by FSOs (66 per cent rated it poor).

Seventy per cent of all employees responding said that prospects for career progression in the foreign service were worse than in other parts of the public service. Administrative support personnel made the least favourable comparison; 82 per cent rated foreign service prospects as worse than prospects elsewhere in the public service. Seventy-nine per cent of FSOs made a similar assessment, while other officers' responses were mixed.

The value of foreign service postings as preparation for future jobs was rated positively by half the respondents; however, more than 25 per cent rated the value as negative. More than half the employees responding said opportunities for interdepartmental moves were poor. Administrative support personnel gave the most negative responses of the three occupational groups.

Prospects for Promotion

Most employees (64 per cent) thought that their prospects for promotion were poor. Administrative support personnel were particularly pessimistic in this regard.

Diplomatic/Non-Diplomatic Status

The question of diplomatic status was an important issue for most employees and spouses, particularly FSOs, other officers and their spouses. Most considered diplomatic status important to social life, personal life, privileges and the spouse's personal life. Most respondents felt that it did not have a great impact on children.

Seventy-two per cent of employees also saw diplomatic status as necessary to performing their jobs effectively. This view was particularly strong among FSOs, 89 per cent of whom felt that diplomatic status was necessary. Adminis-

trative support personnel were split between those who thought it necessary and those who did not (46 per cent versus 43 per cent).

Among FSOs, 78 per cent thought their present status was adequate; 53 per cent of other officers rated their status as adequate; 51 per cent of administrative support personnel rated their status as adequate; 39 per cent of administrative support personnel were not satisfied with their current status.

Family Life

Effect on Family Life

Fewer than half the employees (39 per cent) rated the overall effect of foreign service life on their families as positive; 37 per cent said it was negative. FSOs were more likely to make a negative assessment than were other employees. Nearly half the employees said that their position at work had a negative impact on their spouse's personal life.

Nearly three-quarters of the spouses indicated that foreign service has a great impact on family life. They found these effect particularly negative when family members are separated. Those responding to the youth questionnaire did not necessarily share this view. The vast majority (84 per cent) of youths living apart from their families said they felt as close (45 per cent) or closer (39 per cent) to their parents as when they all lived together in Canada. They expressed the same view about relationships with brothers and sisters.

Communication and Family Life

Most employees said they felt that being posted abroad had little impact on their ability to communicate with a spouses or companion, but among those who did believe it had an effect, most saw the impact as negative. This was particularly the case with FSOs.

Establishing and Maintaining Family Ties

Establishing and maintaining family ties while living abroad was seen as difficult by 40 per cent of the respondents; another 37 per cent found it to be no particular problem.

Post Management and Family Life

Forty per cent of employees indicated that post management had little impact on family life, but nearly as many (37 per cent) said it had a negative impact. The latter view was most often expressed by administrative support employees.

Social Activities

Although most families participate in social and recreational activities outside the post, many (69 per cent) participate in post-sponsored activities only seldom. Compared with Ottawa, social activities and entertainment for children were thought to be relatively unattractive, expensive and few in number.

Effects on Youth

The perceived advantages of foreign service life for younger children included exposure to various languages and travel, while changes in educational systems and discontinuity in relationships with friends and companions were seen as disadvantages. For older children, exposure to various cultures and languages, along with travel, are seen as major assets, while frequent changes in schools and friends are regarded as liabilities.

A majority (55 per cent) of youths surveyed expressed a positive attitude toward the foreign service. Only 6 per cent expressed an unfavourable view. Asked whether they would consider joining the foreign service, nearly a quarter of those responding indicated that they would join, while a similar proportion said they probably would not; the rest were uncertain.

Overall Importance of Family Life Factors

Among the spouses particularly, there was strong (98 per cent) agreement that family considerations should be central to any planning for future postings.

Family Life Overseas and in Ottawa

Two-thirds of the employees felt that the quality of their family life would improve when they returned to Ottawa.

Private Life

Almost half the employees and spouses indicated that the overall effect of foreign service on their private lives had been positive (47 per cent of employees and 42 per cent of spouses), but 25 per cent in each group rated the experience as negative.

Representational Duties

Forty per cent of FSOs rated the effects of their representational duties on their private lives as positive while 27 per cent rated them as negative. A slightly higher proportion (47 per cent) of other officers saw the impact as positive, while 24 per cent of that group rated it as negative.

Among spouses, a majority (72 per cent) felt that their representational duties had a mix of positive and negative effects. Nineteen per cent said they felt the effects of representational duties were negative.

Post Management and Private Lives

Nearly half of all respondents said that management at the post had little impact on peoples' private lives. Among those who felt it did have an impact, most, particularly administrative support personnel, said the effect was negative.

Spouse Career and Employment Opportunities

Fewer than half the spouses (46 per cent) indicated that they were able to pursue their personal interests at the post. Contributing directly to the inability of the others to do so was the lack of employment and career opportunities. Nearly three-fourths of the spouses (73 per cent) indicated that employment opportunities were scarce due to a shortage of jobs and host country restrictions on the employment of foreigners. Some also noted family demands as an impediment to employment. Most (62 per cent) felt that if they were in Ottawa they would have little difficulty finding employment.

In terms of pursuing careers, 68 per cent of spouses felt opportunities at their posts were limited. More than half (60 per cent) also indicated that the requirements of their spouse's employment had had a negative impact on their own career prospects. Most spouses (57 per cent) believed that the quality of their personal lives would improve when they returned to Ottawa.

Stress

Among employees posted abroad, approximately 70 per cent indicated that they were under more stress in their work than they would be if they were working in Ottawa. Among the reactions to stress that employees and their spouses had noticed in their own families and in the families of colleagues were health (physical and minor psychological) problems, increased or decreased output at work, changes in work habits, alcoholism, changes in attitudes toward management, increased spending, social withdrawal, separation and weakening of family and other ties.

Motivation and Foreign Service

Reasons for Joining

Employees indicated that travel and job and career factors were major reasons for joining the foreign service. For the administrative support group, travel was by far the major motivator, while for FSOs and other officers, the foreign service role and the opportunity to serve the country were also important considerations.

Reasons for Staying

Travel and job content and challenge were identified as the major reasons for staying in the foreign service. The opportunity to live abroad in foreign cultures is also a motivator. FSOs are particularly likely to remain because of job content and travel opportunities although the chance to serve the country is also important. Other officers, like FSOs, are strongly influenced by job-related factors and travel opportunities. Administrative support personnel are particularly motivated by the chance to travel and job security.

Spouses list travel, their spouse's career opportunities, cultural exposure, their spouse's salary and monetary considerations as primary motives for remaining in the foreign service.

Reasons for Leaving

Employees identified career opportunities for themselves, salary, family considerations, spouse's career opportunities and management style as reasons that might lead them to consider leaving the foreign service. Although there were some differences between occupational groups, they were generally much smaller than those found in the reasons for joining and remaining in the foreign service.

Spouses listed their own career opportunities, family considerations, control over personal life, health, children's education, monetary considerations and spouse's career opportunities as the most significant reasons for thinking about leaving the foreign service. FSO spouses placed great importance on their own careers, while monetary considerations ranked first for the other two groups.

In all, 57 per cent of the employees responding to the survey said that they had seriously considered leaving the foreign service, while 31 per cent said that they had never done so. FSOs appeared the least satisfied; 62 per cent said that they had seriously considered leaving.

Moreover, 48 per cent of all employees responding to the questionnaire said they are *now* considering leaving the foreign service. Among FSOs, 52 per cent indicated they were considering leaving; 45 per cent of administrative support employees said that they, too, were considering leaving, as did 41 per cent of other officers. On the other hand, 37 per cent of administrative support personnel said they were *not* considering leaving, as did 35 per cent of FSOs and 43 per cent of other officers. Very few employees were neutral on this issue.

Summary of Major Findings

1. Members of the foreign service community expressed mixed views about general living and working conditions overseas and about the effects of foreign service on personal and family life. It is clear, however, that dissatisfaction with conditions abroad varies directly with the level of hardship; the more difficult the post, the greater the concern about issues such as health, security, accommodation, recreation and education. These findings can be said to confirm in general the validity of the guidelines established by management for assessing hardship levels at various posts.

2. There is consensus on two major areas of dissatisfaction; career development and financial compensation. More than two-thirds of employees responding to the questionnaire consider that career planning programs and overall career management are poor. They also felt that their career progression prospects are worse than those of other public servants. In short, many foreign service employees tend to feel isolated from the rest of the public service and 'trapped' in a career that is increasingly viewed as limiting their professional growth.

With respect to financial compensation, close to half of all employees surveyed felt financially disadvantaged and most believed that the Salary Equalization Allowance and Post Differential Allowance are inadequate.

3. With regard to the effect of foreign service life on individuals and families, opinion was mixed. Its effect on private life was generally perceived to be more positive than negative by both employees and spouses. But the impact on family relationships and communication with spouse was considered more negative than positive, especially by officers. It would seem that the demands of representational duties may tend to jeopardize the stability of family relationships. It should also be pointed out that the majority of spouses felt strongly that family ties were weakened when children were educated away from the post. A surprising number (39 per cent) of youths, however, did not share this view. Only 16 per cent indicated that they felt more distant while living away from their parents.

4. It is interesting to note that the vast majority of foreign service employees and spouses responding to the questionnaire consider their lives overseas more stressful than life in Ottawa. Further, the data indicated clearly that the longer one remains in the foreign service, the more difficult one is likely to find the lifestyle.

5. That employees and spouses find foreign service life stressful may help to explain another major finding — namely, that many members of the foreign service (approximately 50 per cent of those responding to the questionnaire) are seriously considering leaving. Among the reasons for leaving the foreign service, career opportunities, salary, family considerations, the spouse's career opportunities and general management style in the foreign service were the most frequently mentioned.

6. In the analysis of the data, some attempt was made to test for differences in perceptions or opinions between officers, administrative support staff and other non-rotational officers (secondments, single assignments). Of the few differences that were found, the following are noteworthy.

FSOs, more frequently than support staff or other officers, mentioned that they were seriously considering leaving the foreign service and emphasized career considerations, general management style in the foreign service and family considerations (including spouse's career) as the primary reasons. The data also suggest that the professional responsibilities of married officers on assignment are more likely to have adverse effects on family and spouse relationships.

Administrative support staff were more likely to express dissatisfaction with career planning and career management in the foreign service than were officers. Forty-five per cent were seriously considering leaving the foreign service and listed salary, career prospects and job content as the primary reasons for doing so. Unlike the two officer groups, job content is a relatively important factor in their considerations.

In terms of motivation to join, remain in and leave foreign service employment, the responses suggest some important differences between the occupational groups. The officer category appears to include many individuals who had clear job or career-related reasons for joining the foreign service, although service to the country and lifestyle were also important considerations. Members of the administrative support group, on the other hand, indicated that job factors

were less important in their initial decision to seek foreign service employment; they placed emphasis on what the foreign service lifestyle could provide.

Finally, the data suggest that employees in the 'other officer' category generally experience more satisfaction and less dissatisfaction with foreign service postings than do members of the other two employee groups. This may be at least partially explained by the fact that most of these officers are non-rotational. Other employees find the demands of rotationality increasingly burdensome the longer they spend in the foreign service.

7. In assessing the overall effect of foreign service on their personal lives, foreign service spouses generally expressed more positive than negative views. The lack of employment and career opportunities is nevertheless a major concern. Spouses are fairly certain that if they were in Ottawa, a number of opportunities would be available. At post, however, the scarcity of positions, host country restrictions on foreign workers and, to a lesser extent, family obligations often frustrate spouses' efforts to pursue personal and career interests. In this respect, FSO spouses placed great importance on their own careers, while monetary considerations ranked first for the other two groups — administrative support spouses and spouses of other officers — as sources of dissatisfaction.

8. In general, dependent youths looked quite positively on their experience as members of foreign service families, identifying travel and new people, places and cultures as primary attractions. However, they also noted the difficulties of moving and changing schools and placed special emphasis on the loss of friends. It should be pointed out that the vast majority of young people responding to the questionnaire were still part of the foreign service community. There is some evidence that ex-foreign service children (that is, individuals who grew up in the foreign service) look back on their experience with a greater degree of ambivalence. For some at least, life in the foreign service resulted in later identity problems and difficulties in establishing and maintaining relationships.

PRACTICES AND POLICY ALTERNATIVES FOR PRODUCTION OF A CANADIAN-BASED INTERNATIONAL GOODS AND SERVICES ALLOWANCE SYSTEM FOR FOREIGN SERVICE EMPLOYEES

Preface

One element flowing from the mandate of the Royal Commission on Conditions of Foreign Service is the analysis of the concepts and practices underlying place-to-place goods and services allowances for Canadian foreign service employees assigned around the world. The Commission retained Organization Resources Counselors, Inc. (ORC) to review the Canadian government's approach to the development of these allowances and report its findings with recommendations for improvements.

This report begins by comparing the methods used by the Canadian government, the United Nations, the US State Department, and ORC for determining goods and services allowances. This analysis includes discussion of policy objectives, financial bases, and index concepts of the four systems.

Several aspects of the Canadian system are more closely examined: the relationship of the goods and services allowance to base salary; index weighting categories; the data processing undertaken in the production of the indexes used in computing allowances; and communication of the system to Canadian foreign service employees.

ORC's comparative findings are then summarized graphically, and the report concludes with ORC recommendations for improvements and changes in the existing Canadian system.

Appendices A-D provide the following information: ORC's responses to questions posed by the Commission following the preliminary report; glossary of terms; comments from Statistics Canada on the ORC report; and further clarification from ORC.

Determining the Goods and Services Allowance

Governments and corporations typically pay expatriate employees assigned abroad various allowances and premiums. Some of these payments are incentives for accepting and completing overseas assignments; others are designed to indemnify foreign service employees for differences in costs of goods and services between their home country and the host country. The goods and services allowance is the most visible, and often the most misunderstood, form of cost equalization.

Most major employers produce the goods and services allowance in the same general way. Three basic considerations are involved:

What policy objective is to be achieved by the goods and services allowance?

What portion of the foreign service employee's compensation/base pay is to be 'protected'?

How is the level of protection to be determined?

These questions are customarily answered by:

- determining the policy objective to be met;
- establishing a financial base related to employee expenditures for goods and services; and
- constructing an index measure of the relationship between expenditures for goods and services in home and host countries.

Policy Objective

The most straightforward objective is to design a system of goods and services allowances that:

- protects the purchasing power of an amount of money expressed as a per cent of base salary which foreign service employees devote to the purchase of goods and services in the home country, recognizing that a foreign service assignment may create spending requirements different from those experienced at home;

- insures a given standard of living independent of cost differences between or among post assignment locations;
- provides that the employee neither gains nor loses financially as a consequence of foreign assignment; and
- indemnifies the foreign service employee against prices faced at the assignment location which may be different from those in the home country.

Financial Bases

Three approaches to determining the financial base to be protected — the Canadian, the US, and the UN — will be considered here.

Canadian System: The Canadian system is based on the concept of ‘disposable income’ — that is, the amount of money remaining from annual salary after deductions are made in accordance with either relevant law or terms of employment. The specific deductions from gross pay are costs for:

- Insurance and Benefits (Outside Canada Hospital and Medical Insurance; Group Surgical Medical Insurance Plan; Blue Cross; Public Service Disability Insurance Plan; Canada Pension Plan; Superannuation; Death Benefit; Unemployment Insurance)
- Income Tax
- Shelter
- Dues/Fees (Public Service Alliance of Canada; Professional Institute of the Public Service; Professional Association of Foreign Service Officers; International Brotherhood of Electrical Workers)

The residual — disposable income — is assumed to be the amount of base salary employees have available for the purchase of goods and services. After calculation, disposable income estimates are reviewed. Through a process of negotiation, the Canadian disposable income measure has been set at 55 per cent of base pay, regardless of the level of base pay or employee family size. Whether a close relationship exists between disposable income so computed and amounts actually expended for goods and services is unknown. Since no direct measurement of goods and services expenditures is attempted, it is highly unlikely that a close relationship is achieved.

The US System: As their financial bases, ORC and the US State Department use the concept of ‘spendable income’. Spendable income is an estimate of the amounts actually spent on goods and services by employees and varies according to the level of base salary and size of the employees’s family.

The State Department estimate is based on the 1972-73 Bureau of Labor Statistics Consumer Expenditure Survey results for Washington, D.C. The estimate includes reported expenditures for: food at and away from home; alcohol and tobacco; household operations; house furnishings and equipment; medical care; clothing; recreation; transportation; domestic help; personal care; and private automobile (under the category title of miscellaneous). This

estimate of spendable income does *not* include costs for housing and utilities, education, personal taxes, savings, gifts (in all forms), and life insurance; these items are deemed not location sensitive (e.g., insurance) or are covered under a separate allowance (e.g., housing). The original survey results have been updated to May 1979 by traditional Consumer Price Index (CPI) methods.

ORC uses a similar but somewhat different concept of spendable income related to base salary and family size. The categories included are food at home and away from home; alcohol; tobacco; household operation; house furnishings and equipment; medical care; clothing; recreation; transportation; domestic service; and personal care. Excluded are expenses for gifts to others, charitable contributions, shelter, utilities, savings (both liquid and semi-liquid, such as mortgage principal), auto purchases, personal taxes, life insurance, and education. These items are either not location sensitive or are covered under separate identifiable allowances.

Original estimates were obtained in 1974 from a national sample of over 2,000 US corporate employees earning between \$10,000 and \$66,000 per year. The figures have been updated to December 1979 using a CPI adjustment factor coupled with estimates of price elasticity. The estimates were further updated in 1981 to include the spending behaviour of employees earning base salaries of up to \$125,000.

Both the US State Department and ORC estimates of spendable income are grounded in surveys of actual expenditures and related specifically to base pay levels and family size. The State data reflect spendable income for base pay levels between \$10,000 and \$55,000 per year in Washington, D.C.; the ORC data cover higher base pay levels and are nationally based. Both spendables operate in the same manner: increasing in the absolute with base pay, but at a monotonically decreasing rate of change. In both, at given income levels, spendable income increases with increases in family size.

The UN System: The United Nations uses a notion of ‘pensionable remuneration’ which is base salary less pension contribution and less staff assessment, which is an estimate of US personal income tax at various base salary levels.

Index Concepts

There are three generally accepted index concepts used to gain an appreciation of place-to-place cost differences.

Laspeyres Index: The Laspeyres Index, used by the US State Department and ORC, begins from the assumption of fixed home country index weights; that is, it assumes that the proportions of the consumer’s budget devoted to various items are constant. In comparing home with host country spending, however, the weights of some budget shares may be adjusted, usually upward, to recognize special host country spending requirements over which the employee may have no control — for example, the need for increased domestic help in the country of assignment because adequate household appliances are not available. Thus, the sum of the foreign adjusted expenditure weights may be greater than 100 (the home country total weight).

The general form of the Laspeyres Index is:

$$\frac{\sum \frac{P_{Ni}}{P_{Bi}} (P_{Bo} \cdot Q_{Bo})}{(P_{Bo} \cdot Q_{Bo})}$$

where

P_B = prices in the base city

P_N = prices in the host city

Q_B = quantities in the base city

i = variable related to period i

o = variable related to base period

The term $P_{Bo} \cdot Q_{Bo}$ is the total expenditure budget in the base city at the base period. The term P_{Ni}/P_{Bi} is the relation of prices for a given set of items between the city of assignment and the base city during the current period.

In its simplest form — without foreign weight adjustment — the Laspeyres Index satisfies the policy objective of protecting the employee's ability to purchase anywhere in the world the exact goods and services in the exact quantities as in the home country at a point in time.

The resulting index number therefore ensures the ability of employees to duplicate home-country purchase patterns world-wide. However, this is only true if it is possible to find the sample items in all host locations. When an item is not available, any of several techniques may be used: weight redistribution, substitution of comparable items or, imputing price relatives of 100 (the latter being a recognition that the item is normally purchased in the home country and brought to post).

The Laspeyres Index is typically upward biased because of the implicit perfect price inelasticity of demand; the sample and item-cost weights are fixed in time.

Paasche Index: The Paasche Index, now used by Canada, is calculated in practice in the form:

$$\frac{(P_{No} \cdot Q_{No})}{\sum \frac{P_{Bi}}{P_{Ni}} \cdot (P_{No} \cdot Q_{No})}$$

The Paasche Index in its pure form relates expenditure weights obtaining in the host city in a base period to prices of a foreign-oriented item sample between the host city and the home location. This index attempts to guarantee that, given expenditure patterns for items purchased in the city of assignment, such items can be purchased in the home country in like quantities. It specifically recognizes that spending behaviour may be altered as a consequence of location.

However, in altering purchasing patterns abroad, foreign service employees typically shift to relatively less expensive, in some cases, locally produced goods because such items are cheaper than imports from the home or a third country. In its pure form the price item sample would be developed from the spectrum of items actually purchased in the host location; this would typically have a depressing effect on the index. In practice, many index makers use a home-country-oriented price sample with home country item weights but produce the index with foreign major category weights. This helps to eliminate or at least tends to mitigate against the downward bias in the index.

The Paasche Index has two basic shortcomings. First, it is not consistent with the *perceptions* of employees assigned overseas regarding the intent of the goods and services allowance, for it is not designed to protect a home-country-weighted market basket across locations. Second, the need to conduct periodic, full-scale, and complex expenditure surveys in each location for which an index is desired is an operational drawback. Canadian experience, for example, illustrates the difficulties encountered. Often the number of expenditure survey returns is too small to provide an accurate representation of employee spending patterns in the host country. The surveys are usually self-administered, without the aid of trained interviewers. Collection schedule queries are often misinterpreted or left blank. Typically, no comprehensive field data edits can be performed. Even if these problems can be overcome, because of duty station staff rotation every two to four years, data which may have been topical at the time of a previous survey may not represent the current spending patterns.

In sum, the Paasche Index does not seem well suited to the generally accepted intent of spatial goods and services indexes and requires consistent maintenance over time. It also may require weight clustering with other locations to reduce variance and build a sufficiently large expenditure data base for index use.

The Fisher Index: This is the concept utilized by the United Nations. Although the UN system produces its place- to-place indexes for a given point in time, the benchmark year is fixed so that the calculation really measures costs in the host location in period (i) with costs in the home country in period (o). This, however, is only cosmetic. The Fisher Index is a geometric mean of a Laspeyres and a Paasche Index of the form:

$$\sqrt{L \cdot P}$$

where

L = Laspeyres Index

P = Paasche Index

The calculation is an attempt to balance the biases of each component index, for unlike Canadian and US systems, the UN system must address a host of nationalities. It is a very expensive system to institute and maintain. In ORC's view, it has no advantages that would make it sufficiently attractive for use in a Canadian system.

Allowance Generation

Given any of the above index constructs — Laspeyres, Paasche, or Fisher — the allowances generated are the product of the index number times the financial base — disposable income, spendable income, or pensionable remuneration — intended to represent the amount of money in a consumer's budget devoted to the purchase of the items covered in the index. Different combinations of index constructs and financial variables will yield dramatically different allowances. Selection of the proper combination should be based on two guiding principles.

1. The index concept selected should be the one most closely associated with the policy objective or employee perceptions underlying the purpose of the allowance.
2. The choice of a financial variable benchmark should be dependent on the index concept adopted, i.e., it should represent a statistically accurate measure of costs associated with items selected for indexation.

Given these concepts, the Paasche Index and the associated disposable income concepts used by the Canadian government's system fail to meet these criteria.

Relationship of Allowance to Base Salary

Policy Objective

ORC examined the relationship of Canadian foreign service employees' goods and services allowances to their base salaries. The general foreign service allowance objective is expressed in the Introduction to Part VIII of the FSDs, Directive 55, Allowance and Related Provisions, Salary Equalization, which states:

In recognition of variations in costs of *goods and services* between Ottawa and the post, the employer will adjust the employee's disposable income at the post by making necessary periodic adjustments designed to provide the employee with *purchasing power comparable to that which he would have enjoyed with similar remuneration in Ottawa*. (emphasis added)

In ORC's review of communications from field personnel, it was apparent that foreign service employees believed that the allowance system was intended to guarantee that they received sufficient remuneration to duplicate a Canadian standard of living at their posts.

However, to implement this policy, Directive 55.01 (a) states that there shall be created:

A salary equalization adjustment (SEA) for each employee serving at post for which the post index is other than 100. The SEA shall be calculated in accordance with the following formula:

$$\frac{PI - 100}{100} \cdot \frac{55S}{100} = \text{SEA}$$

where

PI = the Post index

S = the employee's gross annual salary

SEA = the annual amount of the salary equalization adjustment

Because the PI is not designed explicitly to protect the Canadian goods and services components of base salary and because the disposable income notion may or may not correctly represent the goods and services portion of gross salary, it is not possible for administrators to assure foreign service employees that they are indeed kept whole.

Disposable Income vs. Spendable Income

It is ORC's opinion that adopting a concept of spendable income related to base salary and family size instead of the administratively determined disposable income concept would have material benefits.

1. It would eliminate the inequities that currently exist in allowances with regard to the material needs of different size families at post.
2. It would treat statistically and with a high degree of objectivity the differences in aggregate outlays for goods and services associated with different levels of remuneration.
3. It would eliminate or at least greatly reduce the need for interagency consultation and negotiation on the proper rate of gross salary to be used in the financial base for the allowance. The primary role of consultation would be to examine and validate the statistical aspects of the measure.
4. It would eliminate the inequitable practice of paying subsidies to foreign service employees who receive relatively high levels of base salary while underremunerating employees at the lower end of the pay scales.

Special computer tabulations of Statistics Canada data from the 1978 Family Expenditure Survey (FES) show that the aggregate spending of Canadian expatriate employees at the same income levels differs significantly across family sizes.

Exhibit 1
Spendable Income Differences by Family Size
(Monthly Base Salary: \$2,050)

	Number of Persons					
	One	Two	Three	Four	Five	Six or More
Dollar Amount	\$928	\$1,031	\$1,075	\$1,132	\$1,200	\$1,246
Per Cent of Norm	82%	91%	95%	100%	106%	110%

Using the four-person family as a 'norm', families of one person spend 82 per cent of that norm, while families of six or more persons spend 110 per cent. The Canadian foreign service allowance system currently ignores these differences.

Similarly, families of a given size tend to consume differently at different levels of base salary.

Exhibit 2
Comparison of Disposable Income and
Spendable Income by Salary Level
(Four-Person Family)

Monthly Base Salary	Disposable Income 55 % of Base Salary	ORC Spendable Income Estimate
\$ 750	\$ 412	\$ 694
1,050	578	817
1,550	853	988
2,050	1,128	1,132
2,550	1,403	1,259
3,050	1,678	1,374
3,550	1,953	1,479
4,050	2,228	1,577
4,550	2,503	1,669

Exhibit 2 shows that at base salaries below \$2,050, the Canadian concept of disposable income is less than spendable income as measured by ORC. At incomes above that threshold, the Canadian disposable income is greater, at

the higher levels of remuneration significantly so. Use of disposable income thus appears to overcompensate higher salaried employees while undercompensating those with lower salaries.

Spendable income estimates could be generated in two ways. The simplest would be to select a sample population of families from the 1978 Canadian FES and, using data on income from wages and salaries (not total family income), measure expenditures on goods and services across an appropriate range of salaries and family sizes.

Alternatively, a special survey could be conducted using the same classification variables for Canadian foreign service employees domiciled in Canada. The first approach could easily be incorporated from the ongoing operation of the Canadian FES. The latter would require a special survey at some additional cost. Regardless of how performed, the primary objective should be to obtain an accurate measure of current aggregate outlays for those categories of expenditures to be directly measured by the index concept adopted.

Index Weighting Categories

The Canadian system has 17 separate gross weight categories which, under the Paasche Index approach, are intended to represent the spending behaviour of foreign service employees at the assignment post. Since many of the posts have small staffs, insufficient expenditure reports are generated, and high variance weight estimates result. The traditional answer to such an inadequacy has been to cluster the weights of different locations into three broadly defined groups, Industrial, Non-industrial, and USA. The patterns disclosed by the clustering are not materially different from one another. The subcategory, or item, weights are drawn from Statistics Canada estimates of Canadian CPI expenditures.

Two points are worth noting:

1. The method for clustering is not documented, and no estimate of within class variance has been calculated. Therefore, it is not possible to comment on the statistical adequacy of the process.
2. A fundamental conceptual conflict exists in the use of gross weight categories calculated to represent foreign spending patterns with subcategory weights based on a Canadian market basket.

One solution to both problems is to adopt a Laspeyres Index format in which Canadian gross category weights are supported by Canadian subcategory weights. Second stage adjustments reflecting special location-dependent spending *requirements*, such as the need for domestic servants, would then be calculated. In this way, the need for clustering disappears, and the weights reflect a true Canadian spending pattern adjusted only for those spending *requirements* — not those of volition associated with each foreign location. This approach *prima facie* is more in keeping with the general foreign service allowance objective.

Vacations and Miscellaneous

Even under the current system, at least two important weight components receive only cursory treatment in producing subcategory indexes: Vacations and Miscellaneous. On average, these two categories make up approximately 20 per cent of the total index weights across the three clusters.

Category	Weight		
	Industrial	Non-industrial	USA
Vacations	4.6%	4.7%	2.8%
Miscellaneous	14.7%	16.9%	14.7%
Total	19.3%	21.6%	17.5%

Miscellaneous is not directly priced but rather carries implicit prices from other categories. According to B.J. Lynch, Director Prices Division, Statistics Canada:*

In the index computation, the price relative accorded to Miscellaneous is the average price relative applied to all goods and services except liquor and cigarettes. The original 1969 FES calculated miscellaneous, i.e., unspecified expenditures, with a weight of 7.3 per cent. Subsequently, one-half the weight for Vacations 4.4 per cent was transferred to Miscellaneous reflecting the premise that half of vacation expenses are incurred at average prices prevailing at the duty location. More recently, and as interim measure pending results from a new FES, an additional weight of 3.0 per cent was added from the Health Care component when Medicare was introduced for foreign service personnel with benefits and premium set equal to those payable by residents in Ontario.

The remainder of the Vacation portion enters the index at a proxy price relative of 100.

These procedures are questionable for several reasons:

1. The underlying assumptions are not objectively supported;
2. The miscellaneous category has a very large weight (second only to Food at Home in the Industrial and Non-industrial clusters and third behind Food and Household Maintenance in the U.S.A. cluster) which is not directly priced; and
3. The imputed Canadian prices have a downward bias on positive index locations which cannot be statistically defended.

ORC recommends that Vacations be removed from the index and be addressed in a separate indentifiable allowance; current methods of treating

* Letter of 5/27/81 to S. Baer, ORC.

this subcategory are inadequate, and it is unlikely that a common set of definitions could be constituted for direct pricing of such items as airfares and hotels. Attempts should be made to allocate as much of Miscellaneous as possible to the proper weight categories so that direct account can be taken for item measurement. It will not be possible to reallocate all these global items due to their acknowledged lack of specificity. For these items, use of implicit price ratios or allocation of miscellaneous weight is a reasonably expedient approach.

Domestic Service

The Domestic Service weight in all index clusters is 6.2 per cent of the total index, which fails to recognize that the need for, or more importantly actual use of, such services varies according to post.

ORC believes that *if* the cost of domestic services for personal (not representational) use is to be part of the index, it should reflect the difference in cost of servants *as actually used in Canada* with the 'typical' use of servants in the host location. Patterns of foreign use can be determined by periodic surveys in the host location. This use can be compared with the 'typical' Canadian use for such services, and the Canadian home country weight adjusted upward to reflect the additional requirement. The foreign weight is then multiplied by a cost relative comparing host-country with home-country domestic service costs.

Implicit in the calculation is the fact that under such a system the sum of the foreign weights may be greater than 100. For example, suppose hypothetically:

Category	Weight	
	Canadian	Host Location
Domestic Service	5%	25%
All other items	95	95

In Canada, \$5 per \$100 spent is for domestic service. When posted abroad, the employees surveyed report that use is five times greater than in Canada; one day of Domestic Service use per week is consumed in Canada, but local conditions abroad require five days of use per week. Assume that the cost per day in Canada is \$25 and the cost per day abroad is \$10 and that the prices of all other goods and services at the post are identical to those in Canada (price relative of 1.00). If the foreign service employee's disposable income is \$500 per week, then in Canada the employee will spend \$25. Abroad, the employee will be required to spend \$50 (\$10 per day times five days). The allowance generated should be the additional \$25 required. Under the proposal we have:

Category	Foreign Weight	Price Relative	Index Points
All Other Items	95%	1.00	95
Domestic Service	<u>25%*</u>	.40	<u>10</u>
Total	120		105

* Canadian weight: 5 per cent multiplied by increased foreign use of 5 days to 1 day equals 25 per cent.

Since each index point at a \$500 disposable income level equals \$5, the index of 105 will generate the required \$525, to equalize the domestic service component, exactly \$25 more than home cost.

Including Domestic Service as a fixed weight in the index has some apparent disquieting effects. The level of Domestic Service allowance is sensitive to the level of disposable income; if two employees have exactly the same Domestic Service use abroad and pay exactly the same wage, the one with the larger disposable income will receive greater reimbursement. Similarly, if two employees have different Domestic Service consumption patterns abroad at perhaps differing wage scales, the existing procedure will not recognize this circumstance.

An option is to tailor servant allowances to individual circumstance abroad and remove it from the index. It is still necessary to compare foreign use with a Canadian norm or norms. That norm may not reflect an individual's actual use of such service when at home. Careful study should precede a decision to consider this alternative. Foreign service employees at a given location may consume different amounts of domestic service, and implementing a policy tailored to such individual situations can lead to serious problems, such as allowance differences among employees at a single post and the need to develop credible explanations and defenses for the policy. Whether as part of the index or not, the approach would recognize that, as in Canada, affluent consumers tend to employ greater quantities of domestic help than do those with lower incomes. Whether or not a foreign service employee chooses to use the allowance for Domestic Service is really a matter of personal choice. The index system should provide an identifiable allowance sufficient to indemnify the employee for the difference in cost between use which is typical in Canada and that which is typical in the host location. This approach is consistent with the employee's *perceptions* of the system as protecting a Canadian living standard across host locations. It also recognizes the obvious empirical condition that Domestic Service use is different across locations, a condition which is categorically ignored in the current system.

Data Processing for the Canadian Index

The term 'data processing' as used here includes all operations, transformations, edits, and calculations on price data and outlet data received by

Statistics Canada from field surveys. Both manual as well as computerized operations fall within this purview.

ORC spent one week with the Statistics Canada staff responsible for such operations. Two observations about the data processing activity should be made at the outset. First, Statistics Canada does not at the present time have complete documentation covering each phase of its processing. Regardless of what other changes in the system result from the Commission's recommendations, this shortcoming should be remedied. Secondly, the editors (currently two full-time positions), whether by custom, by direction, or by volition, exercise an inordinate degree of judgment in the editorial process. Those familiar with edits of price data will recognize that judgment is often required; the use of judgment should, however, be kept to a minimum. The need for it is directly associated with the lack of a systematic generalized approach to data collection and the editorial process and the lack of documented procedures.

The Commission requested that ORC conduct an audit of the edit system, addressing specifically indexes for Kinshasa, Zaire; Cairo, Egypt; and Buenos Aires, Argentina. The indexes for areas such as these have generated considerable employee comment. Each area reflects a unique set of index circumstances. Kinshasa is a high-cost location with a very high proportion of imported goods in the index basket. Cairo, while relatively high cost, is typified by a diversified local marketplace; with the exception of a few scarce or low-quality items, foreign service employees report a large proportion of purchases made at the location itself, so the degree of direct importation is relatively low. Buenos Aires represents a location with dramatic exchange rate variations coupled with very high inflation.

It was not the intent of the audit to guarantee or challenge the result of the index calculations. The operational process used by Statistics Canada in the arithmetic calculations is well conducted and follows traditionally accepted methodology. Rather, the audit was restricted to two specific data bases, the purchasing pattern questionnaires and price data, and the process attendant on editing these data.

Purchasing Pattern Questionnaires

Host-location purchasing pattern questionnaires provide information by item class on the proportion of purchases made:

1. in the host country from local outlets;
2. by direct importation;
3. in the home country and brought to post; and
4. in the host country through special outlets, such as commissaries.

These data form the basis for the calculation of average prices which are then compared with prices for like-classified items in the market basket in Canada. The ratio of average host-country prices divided by Canadian prices creates the item price relatives.

ORC found the questionnaires from each post analyzed to be well completed, highly consistent, and in need of a minimum of editorial adjustments. Very heavy reliance was placed on the accuracy and credibility of expatriate-supplied data. The technique of using the proportion of purchases from different outlets in the calculation of average prices is well founded, and should be retained as an element of the general index calculation method.

Price Data

The second data base inspected was that containing the price data supplied by expatriates from each host location. Considerable attention was paid to this data base because comparisons of the raw data with edited data show both the accuracy of reported data and quality of effort devoted to the price edit operation. Since in the final analysis, it is the price relatives that have the greatest effect on the index number itself (weights and relative importance within weight categories being the companion elements in the calculation), the credibility and accuracy of the index is *highly dependent* on the price data from the field and the competence with which editors alter the information.

Access to the price data required official Canadian government authorization. Because of the proprietary nature of that data base, it is possible to disclose only summaries of the results.

The price data for the host locations are inspected at approximately two-to-three-year intervals. Measurement of interim price movement is calculated in one of two ways. Either local CPIs are reweighted by the appropriate Canadian weight cluster, the result being compared with Canadian movement over the same period, or an abbreviated price survey is conducted. The use of reweighted CPIs is an expedient used extensively by the United Nations in its time-to-time price estimates. The United Nations, however, has found that the results of this procedure are not always accurate when compared with actual pricings. Typically, the reweighted time-to-time price movements tend to overestimate actual price movement. In ORC's opinion, if more frequent full-scale pricings cannot be conducted, abbreviated pricings are a better solution than reweighting local CPIs. However, this is only true if the 'mini' price sample is a good estimator of the full sample. Since the items in the mini-sample are a subset of the full sample, it should be possible to test the precision of the results. This has not been done by Statistics Canada, but is certainly well within their analytical competence. Resources permitting, the preferred approach would be to conduct more frequent pricings.

A minimum of instruction is provided to the employees responsible for collecting prices. The collection documents are well designed and supply generic definitions, but the specifications offer a wide range of reporting options, and there is a minimum of control on the pricing activity. The strength of the resultant index is in large measure determined by the validity of the price data; items priced to be compared with Canadian prices must be of comparable quality, size and volume. It is not possible on the basis of the audit to ascertain whether this is the case, but the fact that fully trained price collectors are not used in the host locations creates some doubt that such comparability can be assured.

The use of expatriates, affected by the system, to collect prices has been justified on the basis that the foreign service employees will feel a part of the system. This advantage, if indeed it is an advantage, must be weighed against the reliability and comparability of the data collected and the degree of editing subsequently required. The degree of editing for the three locations inspected was extensive and in many individual item cases highly dependent on editorial judgment. Much of this effort could be eliminated by shifting editorial resources to field locations and providing comprehensive training for price collectors. Field edits would provide direct access to outlets to verify prices.

ORC believes that the price collection activities should be conducted by persons not affected directly by the results of the pricing. In this way, a measure of objectivity is achieved. Independent price collectors, regardless of host location, would typically follow standard procedures gleaned from systematic training. With knowledge of the (fully specified) Canadian price sample of items, they would be able where required to make informed objective judgments on item comparability. Field edits and edit review subsequent to price collection would lessen much of the editorial burden Statistics Canada currently is obligated to assume. It is worth noting that the United Nations, through its Advisory Committee on Post Adjustment Questions, seriously considered the use of independent price collectors for its index system. ORC has for a number of years employed independent price collectors, who number about 100 at the present time.

Edit Procedure

Price data are transmitted by regular mail or pouch to Statistics Canada. First-stage edit determines whether all necessary documents have been supplied. Data for key punch are transferred to data entry sheets. The keying operation uses 100 per cent verification — a very reliable process. Computer printout is provided only for Food at Home, Personal Care Products, and Household Goods which comprise approximately 25 per cent of total weight of each index cluster. Data for each item are arrayed according to source of purchase — local, import, commissary, home country. Summary averages by outlet source are tabulated. Percentage changes are recorded between previous pricings and the current data.

Almost no editing is done in terms of *validation* of prices. Imports are generally accepted as reported because they are supported by voucher documentation. Edits typically are a function of the editor's opinion of whether the item price (valid or not) *should enter the price average calculation*. Statistics Canada attempts to make use of secondary price information from US State Department or from other sources depending on location and data availability. These are used as benchmark estimates to evaluate employee-reported prices. The reliance on external benchmark data is generally a good procedure *if* the items being compared are the same brand, size, weight, volume and are purchased from the same outlet. If reasonably good matches on such a basis are not possible, it is not advisable to impute the externally derived price. Reliance on local CPI price quotes as an indicator of time-to-time price change should be discouraged, because they are typically obtained from outlets not

frequented by foreigners and the items purchased, while similar in general definition, are usually of substantially lower quality than those purchased by foreigners. This is particularly true for food items. Although the practice is undocumented, the editor will usually take the lower of either the Canadian-reported price or the US State Department edited price into account in the tabulation of host location price averages.

If a price is deemed to be unusable, it is purged. The general, if not close to universal, procedure is to eliminate higher prices for an item on the verbally expressed editor belief that, if lower priced like-defined items are available, the foreign service employee would logically not purchase the more costly alternative. Correct or not, this action begs the question of why the item was reported in the first place. One would suppose that employees being asked to report prices of items actually purchased are in fact doing so. If so, editors should not eliminate the quote from use. If prices reported are not those of items purchased, amendment of the item specifications or tighter control of the price collection mechanism is called for. It can be argued that the high-priced items reported should not enter the sample because they are not representative. If true, this is a *sample specification* problem, not one for editors to resolve by removing the item.

Frequently no price quotes are obtained for sample items, which suggests nonavailability. The relative importance of such items is transferred to the most closely associated item in the basket. This procedure is valid. However, often in cases where prices *are* obtained for an item, they will be deemed unusable by editorial judgment, and the item weight reallocated. In almost every such case, this action results in a diminution of the subcomponent index.

ORC believes that edits should be performed only when there are sound objective reasons for them. Lack of adherence to specification is certainly one such reason. Another is to correct errors in reporting the price. In this regard, some non-Canadian systems rely on variance-oriented extreme value approaches. Due to the paucity of price quotes per item, it does not seem possible to adopt such an approach in the Canadian system. A third approach is to analyze the time-to-time movement between pricings. Pricing frequency in the Canadian system is three years, and since there is no assurance that the same items are priced over time, this method cannot be used. Using a field-edit system, on-site verification of items prices that exceed the mean of the distribution by a threshold per cent could be performed.

Whether the editorial judgment is well founded or not, two points seem clear. Editors should not be placed in a position, or should not assume the responsibility, of exercising the kind of judgment currently being applied. Second, the use of more rigorous approaches for price specification, combined with more frequent pricings and reliance on trained price collectors, could significantly reduce the need for edits. Such a system would in most cases also reduce the turnaround time for index calculation.

Audit Results

Computer listings and completed price schedules were inspected for each of the three index areas studied. The computer listings compare the price data

pre- and post-edit. Also compared are pre- and post-edit subcomponent indexes for Food, Personal Care, and Household Goods.

Exhibit 3 shows the subcomponent indexes calculated from unedited and edited price data. These component indexes represent about 25 per cent of the weight for the full index. It was not possible to tabulate the effects of editing on other categories since summaries were not available. The net effects of the edits tended to systematically reduce the index numbers.

Exhibit 3
Editing Effects on Subcomponent Indexes

Location	Item	Pre-Edit	Post-Edit	Per Cent Reduction
Kinshasa	Food	399	211	47%
	Personal Care	186	164	12%
	Household Goods	520	250	52%
Cairo	Food	154	115	25%
	Personal Care	170	158	7%
	Household Goods	241	134	43%
Buenos Aires	Food	280	189	33%
	Personal Care	276	246	11%
	Household Goods	281	266	5%

Exhibit 4
Editing Changes⁺

Item	Buenos Aires	Cairo	Kinshasa
Total Quotes from Local Outlets	468	380	242
Changes:			
Deletions	76	64	33
Reductions	46	1	53
Increases	1
Weight Revisions	..	15*	54*
Total Number of Edits	122	80	141

⁺ Data obtained from the most recent full price surveys.

* Items reported but deleted; weight for category assigned to closest item complement.

Exhibit 4 presents the total number of quotes supplied from the field, and summarizes the types of changes effected by the edits: deletions of reported items; reductions when reported items were retained but prices reduced subject to benchmark data; increases when reported prices were subject to benchmark data; and weight revisions that occurred when all quotes for an item were deleted and its weight assigned to a comparison item.

In every case of deletion observed, the quote(s) omitted were the highest of the item category. The weight revisions typically reduced the indexes, because low price-relative items were assigned to represent higher priced items reported.

Only in the case of Buenos Aires did notes and records provide the reasons for edits. Forty-six items were reduced on the basis of secondary price data sources. The 76 omissions were all high-price quotes. Although none of the three areas was free of judgmental editing, Buenos Aires enjoyed by far the best edit job.

The computer lists summarized the quotes obtained on direct imports. In no case inspected were those quotes adjusted, presumably because they were supported by full documentation.

Communication of the Allowance System

As background for the study, ORC reviewed a number of telexes and letters from foreign service employees commenting on many aspects of the Canadian allowance system. In their comments, the employees:

- were highly critical of the resulting indexes;
- evidenced suspicion that the editorial process was biased;
- made numerous references to the complexity of both the system and communications about it;
- challenged the objectivity of the index;
- criticized administrators for being indifferent to needs of expatriates; and
- alleged that the system was clouded in secrecy.

Unfortunately, such reactions are understandable. Canadian employees receive a minimum of pre-assignment orientation on the allowance system. Minimal communications exist between the field and headquarters location. Because the index support staff within Statistics Canada is exceedingly small, there has been little opportunity to hold briefing sessions at duty stations. No formal manual is available that fully explains the allowance system, although Statistics Canada indicates that a brochure of this type is currently in preparation.

It has been argued that the use of duty station personnel for the periodic collection of prices instils a sense of confidence in the system and shows that foreign service employee input is recognized. In fact, quite the reverse may be the case; because edit procedures dramatically alter the data provided by employees, reducing index results from those expected, the credibility and objectivity of the entire system is challenged.

It is not always possible to generate full acceptance of any goods and services allowance system. It is possible, however, to communicate the concepts, principles, and operations underlying the calculation of an allowance.

Very little evidence of attempts to generate understanding of the system was uncovered during this study. Regardless of any changes in the approach to allowances that may result from the work of the Commission, it is hopeless to expect foreign service employees to accept a system they do not understand; resources must be devoted to better and more regular exchange of information between administrators and these employees.

Communication may be improved in many ways, among them the following: developing an orientation program prior to foreign assignment and providing periodic seminars at duty stations; regular publication of a magazine devoted to issues of foreign service compensation; and establishing a capability for prompt reply to employee queries. Effecting these programs will require allocation of additional financial and human resources, but this investment coupled with action on other ORC recommendations will contribute to greater credibility and increased acceptance of a Canadian allowance system.

Outline Comparison of Four Index Systems

Exhibit 5 sets out the principal characteristics of the Canadian, ORC, United Nations, and US State Department index systems. Differences among these approaches are largely traceable to two factors:

- the conceptual nature of the goods and services allowances, that is, the system objectives; and
- the level and scope of resources available.

As comparison demonstrates, substantial differences in both concept and operational approaches to common problems may be observed in the systems. No one system is clearly superior in every aspect; however, in the section on recommendations, a preferred combination of elements compared is presented for consideration.

Exhibit 5
Comparison of Index System Characteristics

Characteristic	Canada	ORC	UN	US State Department
Index objective	To equate purchasing power of expatriates between host and home country	To ensure that expatriates can purchase anywhere in the world the basket of goods purchased at home recognizing special requirements of the foreign location with regard to availability and quality of goods	To equate purchasing power of base salary across assignment locations	To demonstrate how living costs for an American family stationed in a foreign city would vary from Washington, D.C. when consideration is given to the availability and costs of goods and services important to that family

Characteristic	Canada	ORC	UN	US State Department
Index concept	Modified Paasche	Modified Laspeyres	Modified Fisher	Modified Laspeyres
Index weights	Host country cluster of gross weights-Canadian subcategory weights sum to 100	Home country gross and subcategory weights modified for foreign spending requirements; weights may sum to greater than 100 reflecting host country requirements	Home and host country weights sum to 100 with account for out of area purchase	Home country weights sum to 100 with selected weight increases for special host country requirements
Source of weights	1969 Canada FES for subcategory weight; host country weight from expenditure survey	Weighted U.S. family expenditures for income levels greater than \$25,000 per year; U.S. urban geographic coverage, BLS 72-73 CES. Subcategory weights from U.S. all urban CPI; all brought forward to 1980	Internal U.N. surveys in host and home locations	U.S. Bureau of Labour Statistics 1972-73; CES updated to May 1979
Geographic coverage of weights	Ottawa	U.S. Urban with special foreign requirements included	New York and all host locations	Washington, D.C.
Weight revision cycle	Approximately 10 years	At least every 5 years	Approximately 4 years	Approximately 10 years
Income reference of spending patterns	Average for Ottawa; average for duty station	\$37,500 U.S. base salary	Average for duty station and New York	Washington, D.C. average for date of revision
Price samples	Approximately 270 items	170 items	Typically in excess of 200	160 items
Number of quotes	Multiple	Multiple up to 700	Multiple up to 3,000 for home base city	Multiple up to 700
Price collection	Internal to system	External	Internal	Internal
Price averaging technique	Arithmetic by purchase source	Arithmetic	Arithmetically by purchase source	Arithmetic
Special averaging processes	Implicit ratio of 100 for home purchase	—	—	Implicit ratios of 100 for home purchase
Out-of-area purchases	Direct import home purchases	—	Special weight in index priced at average of world prices	Selected by assumption
Special weight provision	Locations clustered in one of three common groups	No clusters	No clusters	No clusters
Outlets	Determined by expatriates	Determined by expatriate survey	Developed in consultation with staff	Determined by host location staff
Financial base for allowance	Disposal income	Spendable income	Pensionable remuneration	Spendable income
Income sensitivity of financial base taken into account	No. 55 per cent for all employees	Yes, spendable income monotonically increases at a decreasing rate	Yes, pensionable remuneration regressive to income	Yes, spendable income increases at decreasing rate with base salary
Family size taken into account	No	Yes, spendable income curves developed for five family sizes	No	Yes, spendable income curves for six family sizes

Characteristic	Canada	ORC	UN	US State Department
Pricing frequency	Every 3 years	Every 3 months for home base, every 6 months for low inflation host locations, every 4 months for high-inflation host location	Every 2 to 4 years depending on location	Every year for positive index areas, every 2 years for negative index locations
Special pricing or inflation adjustments between pricings	For devaluations or on request from post subject to policy decision	Special inflation adjustments for selected areas for devaluation situation	Upon approval from UN International Civil Service Commission	No formal procedure in place; host country officials can petition Department
Special procedures between pricings	Time to time adjustments using reweighted CPIs	No formal time to time procedures due to frequent cycle of full pricing	Time-to-time adjustments on varying intervals	None
Source of financial base data	Internal survey of disposable income for Canadian officials	Special comprehensive survey of 2000 corporate executives ORC proprietary survey	In-house data for U.N. personnel	U.S. Consumer Expenditures Survey for Washington, D.C. 1972-73 updated to 1979
Existence of formal price edit arrangements	None documented	Documented manual and computerized edits	None documented	Partial documentation
Exchange rate variation	Monthly, coincident with time-to-time price estimates	Automatic adjustment for 2.5 per cent change in 30-day period or 5 per cent change in 2-week period	Coincides with time-to-time price change, usually monthly	Coincides with pricing only
Domestic service	6.2 per cent index weights across all weight clusters	Based on typical use in each host location; home country weight of 3.8 adjusted by foreign use	Based on cost survey in home and host location	Adjusted U.S. weights based on foreign use

Recommendations

Conceptual Bases

Goods and Services Allowances Concept: The current index system is not consistent with foreign service employee perceptions regarding the objective of the system. Nor is the index system consistent with the statement, "The employer [will] provide the employee with purchasing power comparable to that which he would have enjoyed with similar remuneration in Ottawa."

Efforts to communicate the rationale of the current system to employees have not been successful. The appropriate remedy is to alter the existing Paasche Index concept to a modified Laspeyres concept which permits replication of an Ottawa market basket at the host location after taking into account special expenditure requirements imposed by residing at such a location.

Financial Basis for Allowance: The concept of disposable income and particularly the use of the 55 per cent threshold should be discarded, for rather than actually measuring expenditures, they are estimated by a residual approach. The concept fails to recognize the actual amounts of expenditure represented by the index, and it does not provide for expenditure differences associated with income and family size. A notion of spendable income should be substituted based on either a special survey of foreign service personnel in Ottawa or a cohort subsample of the Canadian FES.

Index Concept: A modified Laspeyres Index, based on current home country expenditure patterns of either Canadian officials or a cohort sample of families from the Canadian FES, should be adopted. Modification of resultant index weights should be restricted to spending differences at a host location which are independent of consumer choice; that is, modifications should take into account only requirements imposed by local conditions. The objective should be to permit the foreign service employee to replicate his or her Canadian expenditure pattern at any duty station, subject only to special product availability considerations. Whether or not the employee chooses to replicate a Canadian pattern should not be an issue for policy makers. Adoption of this posture would eliminate the need for conducting foreign expenditure surveys and substitute data from the better conducted Canadian FES. The subcategory weights would then be consistent with gross category weights.

Pricing

Geographic Coverage: The price sample should be representative of Ottawa.

Price Sample: The number of price quotes in the current system is adequate. Fuller item descriptions should be developed to include brand, as well as size, weight, and volume. Matches should be made for comparable quality between the Canadian market basket and the market basket at each location. The resultant indexes will be credible only if the same quality item is priced at home and host locations.

Price Collection: This activity should be external to those affected by the system. To minimize editorial judgment, it is essential that objectivity and item comparability in collected prices be achieved. This is best done by a fully trained cadre of independent price data collectors.

Outlet Selection: Surveys of foreign service personnel should be used to develop the outlets for pricing and the proportions of purchase made by outlet, recognizing degree of importation, commissary use and home country purchase. The current procedures of the Canadian system are quite adequate for this purpose. Similarly, existing price averaging techniques should be retained.

Price Frequency: Effort should be made to reduce the interim between pricings from three years to no more than one year. For high inflation locations, a maximum interim of six months should be considered. An alternative for such locations is more frequent application of abbreviated surveys between major pricings after first testing the results of abbreviated samples against full pricings. Failing feasibility of these options, current time-to-time

price movement indicators should continue in use with the recognition that such indicators may introduce bias.

Weighting

Out of Area Purchases: The procedure of identifying home country purchases and treating them as 100 in the index calculation should be retained.

Income Reference for Weight Calculation: Weights should be based on the spending patterns of the middle-level official in Ottawa.

Weight Components: The following revisions are called for:

- Vacations should be removed from the index and treated by a separate identifiable allowance administratively determined.
- The miscellaneous component should be reduced to a reasonable level by reliance on the Canadian FES. Ratio estimation of all other prices can be used as the implicit price relative for this category.
- Domestic Service should be treated on a 'usage basis' related to each duty station. The current practice of 'assuming' a 6.2 per cent weight for all locations should be discarded.

Weight Revision: Use of the FES permits weight updates on a two-year review cycle. Relying on Canadian FES data for first stage weight calculation will eliminate the need to perform the current weight clusters.

Price Editing Procedures

Procedure Revision: A special task force should be created to establish edit procedures that meet the following general objectives:

1. Minimize the need for editorial judgment.
2. Eliminate weight reallocation of items in situations where prices are reported.
3. Establish feedback rules for price validation at collection site.
4. Establish an objective system of computer flags for both high and low extreme price values.
5. Establish a documentation system so that all editorial actions, e.g. deletions, alterations, imputations, weight allocations, are recorded, together with justification for action.
6. Set up a reporting system to field indicating results of price edit.
7. Produce a price/edit manual citing rules for collection and editorial action. This document should be updated as new or special situations develop.

Existing Procedures: Maintain, but document, existing price averaging procedures and key punch verification techniques.

Communications

A method of communicating the objectives, concepts, and operational elements of the system must be developed. At least three forms of communication should be considered.

1. A written technical methodology monograph of the system together with a nontechnical layman manual.*
2. Orientation seminars held in Canada at perhaps six-month intervals for all pre-foreign assignment personnel.
3. Periodic expatriate seminars at each foreign duty station on a two-year cycle. This is a very effective device for exchange of information between those producing allowances and those affected by allowance. Many organizations include slide presentations and training films in such presentations.

* An excellent example of a technical methodology monograph is that produced by the U.S. Bureau of Labor Statistics for the 1960-61 Consumer Expenditure Survey (CES): *USDL Bulletin 1684 Consumer Expenditures and Income: Survey Guidelines*. A similar document addressing the 1972-73 CES is currently in preparation.

Appendix A

Addendum

The ORC consultant met with the Commission in Ottawa on July 21, 1981. The Commission had reviewed a draft summary of ORC's recommendations and raised the following questions, which are addressed in this Addendum.

1. If the recommendations in the ORC report are adopted by the Canadian government as policy in producing goods and services allowances for foreign service employees posted abroad, what are the likely direct and indirect cost implications?
2. What are some of the important job classification factors appropriate to the price edit activity?
3. Is it desirable or appropriate to collect 'sale price quotes' and accept such quotes in the calculation of place-to-place price relatives?
4. Which of the ORC recommendations are independent of conceptual system revisions?
5. In what regard, if any, is it desirable to include participation and data input of foreign service employees in the calculation of place-to-place indexes?

Cost Implications

It is useful to distinguish between costs, both fixed and variable, associated with the production of the allowances and the budget impact of the allowances themselves.

Production Costs

Conversion to a Laspeyres Index: All information necessary to calculate home country index weights and subcategory weights for a Laspeyres Index

exists currently. Development of foreign usage weight amendments would require annual expatriate outlet/usage surveys. Ideally, the results of such surveys should be tabulated and available to index processors prior to the conduct of full-scale annual price collection at the foreign locations. Therefore, the only direct costs of conversion to a Laspeyres Index would be those of developing the questionnaires and processing the results. It should be possible to absorb this function within the current funding level. Of course, there would be no data collection costs.

Elimination of full-scale foreign purchasing pattern surveys: Elimination of the need to conduct the full-scale foreign purchase pattern surveys that currently support the Paasche concept would result in cost savings. The Canadian FES provides all data necessary for periodic home country weight revision.

Editorial process: The editing process would be affected in two ways. Initiation and continuing development of edit rules might increase costs. Shortening the period between pricings could also require either additional editing expense or more intensive use of existing resources, but probably both.

Pricing frequency: Increasing price frequency from a three-year to an annual cycle coupled with employment of independent data collectors, would have perhaps the most dramatic effect on production costs. However, savings would result from the elimination of travel by Statistics Canada personnel to coordinate and monitor the current employee price collectors. These resources could be reallocated to fund seminars and employee orientation sessions.

Impact on Level of Allowances

The Laspeyres concept with many area weight totals exceeding 100 would produce somewhat larger index numbers than the current Paasche concept. Adoption of spendable income in lieu of disposable income would have offsetting effects. Allowances for employees at low base salaries would increase, while higher paid employees would receive more modest allowances. The net effect would depend on the salary distribution of all employees abroad.

Classification Factors in Staffing the Editorial Functions

The following factors are essential to effective execution of the edit function:

- good judgment so that edits are carried out with as much objectivity as possible and include minimum of subjective evaluations;
- adherence to edit principles to ensure that all amendments to collected price data are supported by documentation and are in keeping with established policies and edit regulations;
- full understanding of the index system;
- academic background in price indexes or complementary experience in price edit function;

- evidence of ability to communicate effectively in writing; and
- ability to explain technical procedures in terms comprehensible to laymen.

ORC has recommended that a task force be charged with responsibility to create the operational aspects of the edit function. In doing so, effective supervisory review procedures should be developed so that the results of edits receive line approval before edited data are accepted for index calculation.

Use of Sale Prices

ORC recommends that sale prices, both in Ottawa and host locations, be accepted for index calculation, provided:

- sale prices are in fact quoted transaction prices rather than black market or negotiated prices such as those typical of a suk or bazaar; and
- satisfactory sale price averaging weights can be established to account appropriately for the proportion of expenditures by items transacted at sale or discount prices.

The current practice of excluding sale prices is de facto discriminatory to foreign service employees, because it produces indexes lower than they would be were such prices included. It is generally recognized that sale prices are more common in Ottawa than in most foreign locations, except the United States. Typically, Ottawa consumers are able to take advantage of sale prices, while in many host location markets, sale prices either do not exist or are uncommon. Implicit in the Laspeyres home country expenditure weights would be an incidence of transactions made at such prices. Symmetry would suggest that such incidence should be accounted for in the Ottawa price averages used in index calculation. Similarly, to the extent host country sales prices exist and are taken advantage of, they too should be accepted, properly weighted, in the calculation of host country price averages.

Accurate weighting fractions for sales prices would have to be developed. The necessary information could be obtained in the proposed outlet/usage surveys.

It is interesting to note that the United Nations Advisory Committee on Post Adjustment Questions, in its report to the 14th session of the International Civil Service Commission, New York, July 1981, stated:

The Committee recognized that although sales prices could not easily be defined, they nevertheless existed and appealed to the behaviour of the typical *homo economicus*, who, to maximize the use of scarce resources, had the tendency to buy wherever and whenever, all other conditions (e.g. item specification) being equal, prices were lower. Therefore, the Committee concluded that, to the extent sales prices could be identified explicitly for the specifications of items in outlets selected for pricing, and to the extent that outlets selected for pricing had been identified by staff according to the intensity of their use, then such prices should be taken into account.*

* *Report of the Sixth Session of the Advisory Committee on Post Adjustment Questions*, ICSC/R. 274, 14 June 1981, The United Nations.

Modifications within the Existing Framework

The Commission requested ORC to indicate which of its recommendations could be implemented within the current index framework to enhance those functions that currently exist without modification of existing system concepts. Among these would be the recommendations addressing:

- modification of index weights of Vacation, Miscellaneous, and Domestic Service.
- improvements to pricing specifications
- use of independent price data collectors
- shortening of the interval between full scale pricings
- more intensive use of abbreviated prices surveys between full-scale pricings
- adoption of a financial variable in keeping with the current Paasche Index concept taking into account variation in spending according to level of base salary and size of spending unit
- structuring of editorial function
- efforts to improve the understanding and acceptance of the current system (although this will be considerably more difficult under the current system than it would be under a modified Laspeyres system)

The adoption of a Laspeyres (modified) Index approach would be a fundamental conceptual change and should include a properly constructed notion of spendable income and implementation of foreign use surveys to develop location-dependent spending requirements. It would require new expatriate communication documents, reliance on the Canadian FES for weight and subcategory weights or alternatively the institution of a special first stage home country weight survey of domestically domiciled foreign service employees.

The Role of Foreign Service Employees in the System

As a practical and political matter, it is both necessary and desirable to encourage foreign service employee participation in the development of allowances. Practically, it is impossible to acquire data on outlet use and foreign weight adjustments to home country purchases without depending on information supplied by the foreign-posted employees.

Politically it is sensible to involve the employees, for such involvement can contribute to the credibility of the system. It is important, however, to determine carefully which activities are most appropriate for employee participation; that is, activities in which the employee is the *only* legitimate source for the information or the quality of data supplied by the employee is superior to data obtainable from alternative sources. Currently employees provide data on:

- foreign expenditures (to support Paasche weights)
- outlets frequented

- proportions of expenditures:
 - locally on the local market
 - locally in commissaries
 - by direct importation
 - in the home country (brought to post)
- pricings designed to be consistent with specifications
- data on items that are comparable in quality to those priced in Ottawa

If recommendations of this report are adopted, employee data on foreign expenditures become irrelevant. Also, price collecting abroad would be conducted by trained, independent collectors who would bring additional objectivity and technical expertise to the system and remove any potential biases attributable to having those affected by the result of pricing responsible for the pricing. Determining comparability of items priced is better suited to Statistics Canada input.

According to the suggested criteria of 'appropriateness', however, the employees themselves are the only credible source for information on outlets frequented and on proportions of goods bought locally, imported, and brought from Canada. ORC wholeheartedly supports the notion of employee participation in the system, but suggests that careful thought be given to the areas where that participation can be most effective.

Appendix B

Glossary

Allowance Pay-related differential or adjustment to ensure that expatriates neither gain nor lose as a result of differences between assignment location and home country costs.

Base salary The equivalent of the salary for a comparable position in the expatriate's home country. Base salary does not include housing, allowances, or reimbursements.

Cost-of-living allowance (COLA) ORC recognizes that cost-of-living allowance is a more commonly used term than 'goods and services differential', but believes that the use of COLA in this context leads to confusion with measures of inflation over time in one country. This allowance is designed to maintain purchasing parity between home and host countries at a point in time. Over time, it is affected by inflation in both the home and host countries and variations in exchange rates.

Cost-of-living index See *Goods and services index*.

Country of assignment The country in which an expatriate is assigned to work; also called *Host Country*.

Differential The difference in costs (e.g. housing, goods and services) between the host country and the expatriate's home country. This term is usually applied to the amount of money that compensates for this difference. Also called *Allowance*.

Expatriate An employee assigned to live and work abroad on other than a permanent transfer. Also referred to as *Foreign service* or *International service employee*.

Family status employee A married employee on assignment with a spouse and perhaps other family members.

Foreign service employee (FSE) Used interchangeably with *Expatriate*, *International service employee*.

Foreign service premium An incentive payment over and above base pay made to an expatriate while on a foreign assignment. It is usually calculated as a percentage of or an amount related to base pay.

Goods and services Items included in the market basket used for comparing costs in both the home country and the country of assignment. Usually includes the costs of:

- food at home
- food away from home
- tobacco and alcohol
- clothing
- medical expenses
- transportation (excluding car purchase costs)
- recreation
- personal care
- household furnishings and operation expense (including telephone, but excluding other utilities which are included in housing)
- domestic help

Housing costs are excluded.

Goods and services differential The payment made to reimburse an expatriate for the difference in the costs of goods and services between the foreign post and the home country.

Goods and services index The ratio of the costs of goods and services in the host country to those in the expatriate's home country, expressed in relationship to the home country cost (100). For example, an index of 120 means that market basket costs in the host country are 20 per cent higher than those in the home country. When this index number exceeds 100, the index is positive; when less than 100, it is negative.

Goods and services spendable See *Spendable income*.

Headquarters country The country in which the employer has its headquarters.

Home country The country considered as the base point of the expatriate. It may be the country of citizenship of that employee, or it may be another country arbitrarily assigned as the base country.

Host country The country in which an expatriate works; always different from the home country. Also called *Country of Assignment*.

International service employee (ISE) An employee assigned to live and work outside his home country on other than permanent transfer. Also referred to as *Expatriate* or *Foreign Service Employee*.

Market basket The items of goods and services that are priced in both the home country and the foreign assignment post to determine the differences in the costs of goods and services and to compute the goods and services index.

Negative differential The result obtained when the costs of goods and services or of housing are higher in the home country than at the foreign post. Expressed numerically, an index for goods and services which is less than 100 generates a negative differential.

Spendable income That portion of an employee's base salary spent in the home country for goods and services after paying for housing, savings, taxes, insurance, gifts to others, and education. Foreign spendable income is home country spendable adjusted for special requirements of the host country such as the need for additional domestic help, need to launder clothes more frequently as a consequence of climate, etc.

Appendix C

Statistics Canada Response to ORC Report

September 28, 1981

Miss P.A. McDougall
Commissioner
Royal Commission on Conditions
of Foreign Service
P.O. Box 1850
Station "B"
Ottawa, Ontario
K1P 5R5

Dear Miss McDougall:

As you are aware, I was directed by Mr. Wilk to prepare the Statistics Canada response with regard to the ORC report on the Foreign Post Index system.

At a general level, Statistics Canada supports some of the recommendations made by ORC. More specifically, we endorse the suggestion of adopting a home-weighted base approach to index calculation. We agree that this change would more closely corroborate with the expatriate perception of what the index is designed to achieve. Secondly, we fully support the suggestion of removing the Domestic Service component from the index and treating it as a separate identifiable allowance. Thirdly, we agree with the recommendation of adopting a "spendable income" concept to adjust allowances, as opposed to the current "disposable income" approach. Although we agree with this latter recommendation, we fully realize that this is a policy consideration which is outside the realm of our role of providing statistical advice and support.

With regard to the proposal concerning data collection methods, we must state that adoption of this proposal would certainly alleviate the very difficult and much maligned role of price editing for which we have responsibility. However, adoption of this proposal would be considerably expensive. Since the Index system operates under the financial aegis of the Treasury Board, it is quite obvious that evaluation of this proposal should rest with that agency.

On the other hand, there are two particular recommendations which we find somewhat troublesome. The first of these pertains to the proposal that a special task force be created to establish edit procedures. Without wishing to imply that editing expertise solely resides at Statistics Canada, we wonder what price editing experience and from what source could be assembled for such a task force. Although it is tantamount to closing the proverbial barn door too late, you may be interested in knowing that we have already initiated documentation of our edit procedures. A first draft has been completed and it will be reviewed in upcoming weeks. Of course, the structure and nature of these procedures may be subject to radical changes depending on the outcome of the data collection proposal.

The second of these troublesome recommendations relates to the proposal that Ottawa base weights be modified to take account of host location specificities. These specificities, it is suggested, could be determined through expenditure surveys in each of the pertinent countries. Yet it would appear that establishing what, where and how much in terms of expenditures would constitute a specificity would become a Statistics Canada responsibility. We harbour severe reservations about this proposal. In point of fact, we find the suggestion somewhat paradoxical since the same report also recommends that the Domestic Service component be removed from the index, ostensibly for the reason that it places too much of a judgmental responsibility upon the index-makers.

The foregoing constitute our reactions to the more substantive recommendations of the ORC report. I understand that these reactions have also been conveyed to you in a more informal manner at a recent meeting held at your offices which Messrs. Lynch and Desjardins of my staff attended.

Because of the public nature of the document which will be released by the Commission, we are concerned that the factual contents of the ORC report be accurate. I believe this issue was discussed at the above mentioned meeting and that you obligingly requested that we submit our comments regarding factual fidelity. For this we thank you and we submit the attached list of such observations.

In closing, we wish to sincerely thank you for having provided us with the opportunity to review and to comment on ORC's findings.

Finally, we wish you every success in the preparation and release of your Commission's Report.

Sincerely,

G. Leclerc
Assistant Chief Statistician
Economic Statistics Field

c.c. Martin B. Wilk

A. Observations relating to factual contents of ORC Report on the Foreign Post Index system

1. Page 367, paragraph 4

“Matches should be made for comparable quality between the Canadian market basket at each location. The resultant indexes will be credible only if the same quality item is priced at home and host locations.”

The practice of matching comparable quality items is a procedure which has always been adhered to. In fact, identical brands are used where available.

2. Page 368, Procedure Revision

“3. Establish feedback rules for price validation at collection site.”

Such rules already exist.

3. Page 368

“5. Establish a documentation system so that all editorial actions, e.g. deletions, alterations, imputations, weight allocations, are recorded, together with justification for action.”

As a matter of principle and also as general procedure, such documentation is normally performed.

4. Page 369

“1. A written technical methodology monograph of the system together with a non-technical layman manual.”

A technical methodology monograph was prepared and distributed to all user departments in April 1977 (refer to Circular Document ADMIN CDA /3/77).

A layman's manual was prepared and reviewed by all user departments. Both the French and English version of the manual have been ready for print since May 1981. Their printing has been postponed pending the outcome of the Royal Commission's recommendations and their disposition.

5. Page 369

“2. Orientation seminar held in Canada at perhaps six-month intervals for all pre-foreign assignment personnel.”

Such seminars are already being conducted by Statistics Canada at the invitation of user departments. External Affairs is quite active in organizing such seminars.

6. Page 369

“3. Periodic expatriate seminars at each foreign duty station on a two-year cycle.”

Statistics Canada, as an integral part of its visit programme, does conduct such information sessions at all posts which are visited.

7. Page 372, “Use of sale prices”

“ORC recommends that sales prices, both in Ottawa and host locations, be accepted for index calculation”

Statistics Canada does use sale prices in both Ottawa and the host location.

B. Other Observations

1. The report states on page 354 that “A fundamental conceptual conflict exists in the use of gross weight categories calculated to represent foreign spending patterns with subcategory weights based on a Canadian market basket.”

It may be true that this can be perceived as representing a conceptual conflict. However, we do not understand how this conflict would be removed if ORC’s recommendation that Ottawa weights, adjusted by host location weights for certain expenditures, were implemented. A conceptual conflict would still exist.

2. The report states on page 366 “Nor is the index system consistent with the statement. The employer [will] provide the employee with purchasing power comparable to that which he would have enjoyed with similar remuneration in Ottawa.” This latter statement *comes* from Directive 55, Part III.

Statistics Canada maintains that the current index methodology is not inconsistent with the wording of this Directive. Perhaps the Commission could recommend that the wording of this Directive be modified to specifically state what approach the index should assume.

3. The report recommends that (p. 368) “the miscellaneous component should be reduced to a reasonable level by reliance on the Canadian FES.”

Statistics Canada contends that the issue of “miscellaneous” in the ORC report is a non-sequitur issue. It is non-sequitur because the manner in which this component is treated amounts to the same result as if it did not exist.

Appendix D

Rockefeller Center
1211 Avenue of the Americas
New York, New York 10036

Cable Address: ORESCON
Telex Number: 12-6544

ORGANIZATION RESOURCES COUNSELORS, INC.

October 23, 1981

Miss P. A. McDougall,
Commissioner
Royal Commission on Conditions
of Foreign Service
P.O. Box 1850,
Station "B"
Ottawa, Ontario
K1P 5R5

Dear Miss McDougall:

This is in response to your request of October 7 for clarification of the manner in which Canadian home country weight patterns could be converted to host country weights.

Such a conversion would have to be based on a number of assumptions.

1. Availability of home country weights from a Canadian FES;
2. Use of a requirements-modified Laspeyres index;
3. Changes in home country weights as a consequence of consumer preferences are independent of the method;
4. Non-availability of home country goods at post;
5. Recognition of the need to accommodate for special conditions of a host location which are different from those in Canada; and
6. Availability of data on the quality or need differences between goods in Canada and goods at a host location.

Purpose

The ORC proposal specifically recognizes that the calculation of host country index weights addresses only those foreign expenditures for which a clear requirement need is incident. The objective of the index is to maintain or establish a quality of life index which is equal to but not greater than that of

Canada; that by the conduct of host country usage/requirement surveys, the input data necessary to achieve such a weighting objective can be met; that such surveys, in their attempts at measuring host country purchase patterns differentiate between purchases which are totally the result of expatriate *preferences* as a consequence of location and purchases which are a *consequence* of location constraints. With limited local exceptions Canadian employees working offshore cannot hope to replicate the Canadian standard of living abroad by duplicating home country purchase patterns at their assignment post. In order to meet the index objective it is necessary to rely on a set of Canadian index weights which reflect the manner in which Canadian offshore employees accommodate to the non-availability of products or services abroad or to special host country socio-economic or geographic conditions.

Approach to the Objective

Statistics Canada currently conducts surveys measuring the empirical nature of offshore expenditure patterns for Canadian employees. A simpler and perhaps more relevant survey given the conclusions to the ORC Report would be for StatsCan to address itself to the way in which Canadians are required to adapt to the conditions that they face abroad.

Parameters of the Approach

One must recognize that such adaptation costs are partly a function of volition or choice, and partly a function of an attempt to replicate a Canadian expense pattern at the foreign location in order to equate standards of living. ORC believes that the expatriate is the best source of such information.

Operational Approach

There must be developed a questionnaire which addresses two basic questions: first, when certain products or services are not available abroad, what do Canadian employees substitute and in what proportion relative to home country purchases? Secondly, what special conditions exist in the host location that may require the expatriate either to substitute a local product for an absent home country product or require of the employee to consume more of a given product abroad vis-à-vis that which he or she might consume in Canada?

For the set of major group weight categories, one can posit that replication of home country standards of living would require some modification of the spending pattern. The most obvious reason for such a change is the substitution for unavailable home country goods and services. The second criterion is a difference in quality between goods available abroad and goods available in Canada. The third criterion is that the conditions of the location require that the assignee modify his spending pattern in order to equate relative qualities.

Practical Approach to the Problem

In order to gain the necessary information it will be necessary to field a questionnaire to expatriates at the foreign location, perhaps on a two-year

cycle, although this would be a policy decision. Such a survey would identify each major group category and the items within it. The format for such a vehicle already has been created by StatsCan in their source-of-purchase questionnaire.

The questionnaire would have to address a number of issues:

- I. Of the items listed, which are available in the local market at a quality level similar to that available in Canada? For these items, information should be obtained on which outlets are utilized, which brands, sizes and product descriptions are accurate.
- II. Are there circumstances related to climate or low product quality which require more or less intensive utilization of such products or services? If yes, how does the employee alter his or her expenditure pattern in response to such conditions.
- III. Which of the items on the list are not available at the duty station? Are they imported or does the employee substitute another local product? If imported, does the employee rely on a home country source, a commissary or a third country exporter? For these items information will be needed on brand, purchase pattern and size.

Factors Affecting Employee Substitutions

1. In almost every foreign location, the *need for domestic service* will be greater than in Canada. This need will have linkage effects which may influence requirements for food, clothing (such as uniforms), transport (if the servant commutes) and possibly medical services. In addition, in certain areas of the world, it may be customary, or even obligatory, to provide either vacation leave or special vacation payments.
2. *Climate* may affect the level of dry cleaning required, heating and/or cooling and may impose special clothing requirements.
3. *Isolation* usually affects the need for transport.
4. *Non-availability of goods* creates the need to substitute, e.g., if no public transportation is available it is usually necessary to increase the weight of private transportation expenses.
5. *Security*, which would include the need for guards, or chauffeurs, or around-the-clock protection for a home not normally necessary in Canada.
6. Poor *utility* conditions in a foreign location will influence the needs for increased domestic help in general.

The intent of the recommended index is to match the quality of life abroad to that in Canada. This can never fully be done but acknowledging that special conditions at a post may create the necessity on the part of the employee to alter purchase patterns is a recognition of the need to try to move in this direction. The result of the calculations will create a set of index weights which normally will be greater than 100, resulting indexes will generally be larger than the ones that currently exist in the Canadian system.

Stephen Baer
Organization Resources
Counselors, Inc.

THE COLLOQUIUM ON THE ROLE OF THE FOREIGN SERVICE

Introduction

Held at Mont Ste-Marie, Quebec on 12 and 13 July 1981, the colloquium on the role of the foreign service brought together 20 individuals with professional and personal interests and concerns about the formulation and implementation of foreign policy. The selection of participants was somewhat arbitrary, in that the Commissioner wanted a group small enough to permit an easy exchange of views yet large enough to be representative of a number of sectors and interests. Thus the group included current and former members of the foreign service, members of the academic community, political and business leaders with an interest in foreign affairs, representatives of humanitarian and social agencies, foreign policy practitioners from another government (the United States) and a member of the press. (A list of colloquium participants is appended to this report.)

The colloquium was divided into three sessions over the two days, each of which was chaired by one of the participants. Each session began with two five-minute 'keynote' addresses, followed by general discussion. Participants had received a binder of briefing material in advance of the colloquium that consisted of a number of carefully-selected documents on the role and functions of the foreign service, some of which had been prepared especially for the Commission.

The colloquium was held close to the end of the Commissioner's inquiry when it became clear that it was impossible to discuss conditions of foreign service without discussing job satisfaction, much of which is clearly tied to perceptions — or misperceptions — about what the role and functions of the foreign service are and will be in the future. Moreover, given the wealth of information gathered in the course of the inquiry up to that point, the Commissioner felt that an informal gathering of experienced and thoughtful people identifying and debating issues of current concern in relation to the foreign service would greatly facilitate her approach to writing that section of the report.

In inviting participants to attend the colloquium the Commissioner wrote: “[M]y purpose in inviting you and others to this informal ‘think-tank’ is to help me clarify my own thoughts on the role of the foreign service and how it is changing . . . I have been able to obtain a wealth of information about the conditions of service...[but] the changing role of the foreign service to meet changing conditions and needs is an issue on which I need to be exposed to a broad spectrum of views in order to make meaningful judgements. To this end I think that I would benefit greatly from listening to and participating in a frank and informal exchange among people like you who have been actively involved in either the practice or the study of foreign relations.”

The Commissioner's opening remarks to the colloquium elaborated on these objectives: “[T]he choice [of participants] has centered on achieving the input of different points of view, a cross-fertilization of ideas, an informed and controversial discussion of issues. . . . I could have personally interviewed all of you and many others but that would not produce the essential group dynamic. And the results would contain too much of my own judgement. I need to listen, not only to individual views, but to dialogue among people of differing objectives and concerns who can see beyond those individual or corporate interests to the broader international needs and operations of today's nation-state and particularly those of Canada. Only in that way can I discuss the area of consensus and try to describe in my report to the government the nature of the beast that tomorrow's foreign service will be serving . . . The colloquium report will be . . . the basis on which I can judge whether today's managerial philosophy and policy suit the complicated international and domestic environment.”

The following report on the colloquium is organized under the headings set out in the colloquium agenda — Changes in the Scope and Content of International Relations, Changes in the Methods of Conducting International Relations and The Foreign Service of the Future. Participants' comments and interventions are thus grouped under the heading to which they related rather than under the heading of the session at which they were made; the approach is thematic rather than chronological.

Session I — Changes in the Scope and Content of International Relations

The objective of this session was to define and understand the substantive context in which the Canadian foreign service has functioned in the past, is

functioning today and will function in the future. Participants were asked to identify changes in the world in general and in Canada in particular, to assess their effect on the conduct of Canada's international relations and to identify further changes that might reasonably be predicted in the future.

Clutter, Glut and Complexity

Mastering, and hence manipulating and controlling, foreign policy has become much more difficult than it was in the past. There are at least five reasons for this development:

The clutter of actors: There has been a quantum leap in the number and variety of players in international politics. Not only have new nations emerged, but non-state actors, including, for example, nationalist movements, large corporations and organized (and not so organized) religious groups, have assumed increasing importance in the international arena. This is a fact that statesmen and foreign policy practitioners ignore at their peril. Moreover, the actors to which foreign policy practitioners may be forced to pay attention change for reasons that have little to do with traditional determinants of power and influence. Small or poor states can make contributions to international affairs that are out of proportion to their size or wealth and, perhaps more important, can wreak disproportionate amounts of havoc.

The glut of data: The proliferation of players and centres of power has led to a second change — the exponential increase in the available information relevant to decision-making. New bureaucracies created to deal with the accumulation only add to the problem. And it is a serious problem, because the proliferation of information and position papers generated, for example, during multilateral negotiations can actually blur perceptions and impede the negotiating process.

The surge of knowledge: Related to the 'glut of data' and to some degree a cause of it is the surge in the knowledge that is needed to come to terms with world politics. Both the number and complexity of issues on the agenda mean that the foreign service officer has to become something of a polymath in order to survive.

The intractability of problems: Even after he has acquired a 'smattering of wisdom', the diplomat turns to the international agenda, only to discover that the problems on it are no longer those that are susceptible to traditional solutions or remedies. The problems — arms control, the spread of violence, crises in the supply of food and energy, population growth, the increasing burdens of debt and inflation — do not respond to traditional diplomatic remedies — negotiation, the deployment of sanctions, the display and use of force. The world is ravaged by forces largely impersonal or irrational — the pressure of too many people on too few resources, the maldistribution of wealth of nations, the blight of famine, the scourge of inflation.

The evanescence of power: The erosion of the traditional determinants of power and their replacement by new and constantly shifting components give power a fleeting quality — its property of being here today and gone tomorrow, of being available for some purposes but not for others. It is not that power is more difficult to define — it may still be termed the ability to have your own way — but that it is more difficult to determine what confers power, and hence to calculate how much power you have at your disposal and how much your friends and enemies have at theirs.

The fact of nuclear power and the threat of nuclear destruction is also a major substantive change in the international environment so that any country has a very strong interest in using its influence to prevent global blowout.

Politics and Economics

Two closely related developments in the scope and content of international relations are the growing importance of the economic component of relations between nations and the increasing interdependence of national economies. Economic interdependence means that traditional adversary-style relationships between nations are no longer tenable. The contagious nature of economic diseases is perhaps one of the most significant post-war developments in terms of its effect on relations between nations.

The greater importance of trade and economic issues in international relations has several implications. One is the increasing international involvement of non-state actors, in particular, the business community — exporters, importers, investors. The other side of the coin is the increasing ‘politicization’ of trade and economic issues. Greater government involvement and intervention in national economies, the growth of joint ventures, new and sometimes subtle forms of protection of home economies, shifts in the balance of trade — all have helped to create new elements of international competition that cannot be ignored in relations between states (and indeed, in relations between the public and private sectors within states insofar as their mutual interests abroad are concerned). This change has particular significance for Canada because the bulk of Canada’s international relations is conducted not by governments but by the private sector — for example, in selling the \$52 billion worth of goods that Canada exports annually. (This issue is dealt with further under Session II — Changes in the Methods by which International Relations are Conducted.)

The increased international importance of trade and economic issues is significant for Canada’s international relations in at least two ways. The emergence of commodities cartels, for example, necessitates some hard analysis and decisions. How has the existence of OPEC affected Canada’s relations with other countries? Will we be better able to deal with other cartels in the future as a result of the experience with OPEC? What other commodities might give rise to the formation of cartels? How will this affect developing countries? Canada’s position with respect to cartels is in some ways schizophrenic — we are torn between being ‘good cartel members’ for wheat or uranium, for example, and concern about the effects on Canada of the actions of other cartels. The dilemma is that it is always easy to be a ‘boy scout’ in

areas that are of little direct concern to Canada's own economic interests. The foreign service always has more latitude to talk about bananas than to talk about wheat.

Economic and trade issues also give rise to the debate about the definition of Canada's national interest and hence the establishment of Canada's foreign policy priorities.

The National Interest

What is the 'Canadian interest'? Has it changed in recent years? Would a greater degree of direction and purpose in foreign policy matters help to clarify, and hence facilitate, the role of foreign service officers serving abroad? For some participants the answer was clearly 'yes' but not all participants shared this view, stating that the objective of Canadian foreign policy, and the role of foreign policy practitioners, is clearly to develop productive international relationships that will contribute to the economic development of the country and to a better quality of life in Canada. This approach may be the result of or a cause of the decline of the internationalist orientation that characterized Canadian foreign policy in previous decades. Again, this assessment was not shared by all participants, one of whom perceived a shift away from 'economic materialism' in Canadian foreign policy and a shift toward 'realistic idealism'.

The debate on the definition of the Canadian interest attracted particular attention in discussions of the new focus on relations between north and south. One argument was that surely Canadian foreign policy ought to reflect certain societal values apart from strictly economic concerns. A second position was that if the Canadian interest and foreign policy are redefined to include these elements, this must be accompanied by other changes in domestic policies or structures that will enable foreign policy practitioners to take the shift in priorities seriously. An isolated change in policy direction that is not followed by hard decisions on the other changes necessary to support and carry out a major shift in priorities will lead practitioners to question the depth of the commitment to change. In fact, when foreign and domestic policy are, or are seen to be, out of kilter, the result can be serious malaise in the foreign service community.

The consensus was that the alleged conflict between the national interest and idealistic or humanitarian concerns is just that. The national interest should be defined so as to include some of the idealistic elements, which nevertheless must be justified by hard-boiled arguments that relate them to the national interest. National interest and idealism are not alternatives, but complementary elements of foreign policy.

At the same time it was clear that the foreign service must be responsive to political changes in policy emphasis. Foreign service mandarins no longer develop policy that they then 'sell' to their political masters. If the foreign service fails to be sensitive and respond to political initiatives, the Prime Minister will turn elsewhere for policy advice — and has done so on occasion.

Translating foreign policy initiatives into operational priorities presents yet another challenge; government priorities often simply cannot be translated directly into what Canadian foreign service officers are actually doing in the

field. The bureaucracy cannot always go in the directions the government points it because, increasingly, the foreign service is involved in activities that do not mesh with the government's policy priorities. Immigration and visa control were mentioned as examples of essential foreign service activities that do not appear well-synchronized with what might be called the government's foreign policy objectives.

Finally, Canada should not underestimate the self-interest that lies in being an arbiter between adversaries who trust Canada but don't trust each other. Although Canada may no longer be regarded as the 'international boy scout' of earlier decades, Canada has a crucial role to play because of its position of relative neutrality among countries whose interests are in conflict.

The Changing Agenda

Several changes in the agenda of international relations were identified in addition to the greater number of economic and trade issues. Relations between north and south are a particularly significant new agenda item because they raise a number of interrelated issues having both domestic and international implications. North/south relations raise questions of economic interdependence (what is good for the north may not necessarily be good for the south and vice versa), trade (protectionism and other manifestations of the politicization of trade and economic issues), economic redistribution and the need for shifts in domestic policies to reflect Canada's commitment to north/south issues. The focus on north/south also accounts for the development of a new channel of international relations — aid programs, which have become a component of the foreign policies of both the givers and the recipients of aid.

In addition, many more items that used to figure principally on domestic agendas have become prominent on the international level. Environmental issues are a particularly good example in that they illustrate the interdependence of states, the increasingly technical nature of many international issues and the need for specialized expertise to deal with them, and the surge of knowledge and glut of data mentioned earlier. But other examples of domestically-oriented issues that now receive more international attention, at the expense of global issues such as peace and security, include pipeline construction, border broadcasting, fisheries treaties, textile quotas and reciprocal airline arrangements.

The Focus of Canada's International Relations

The proliferation of players and issues has increased the number and variety of concerns with which foreign policy practitioners must deal; the pursuit of the national interest dictates that Canada must broaden its international contacts and develop new kinds of non-traditional relationships with newly-industrializing nations. The proliferation of Canada's contacts abroad is particularly important in light of what might be called Canada's 'lack of region' — or perhaps more accurately, our negative sense of region — in that we belong to a region "so natural we can't stand the thought of it". The geographic and other perspectives of most other middle powers give them a fairly natural set of priorities in terms of international contacts, representation

and foreign policy objectives. Canada's perspective is quite different: our linguistic and cultural makeup tend to lead to a set of international contacts that reflects the duality of Canadian society; our geography seems to require even more multiplicity in international relationships. Different parts of the country see their interests lying in diverse directions (the west looks to the Pacific rim, the central and Atlantic provinces look to Europe and the market directly to the south). The result is a strong tendency to see Canadian interests everywhere in the world and to want to be represented in a great many countries — too many in fact. This may contribute to a sense of frustration and lack of purpose among foreign service officers posted to countries where the reasons for Canada's presence are not entirely clear and to a situation where resources are spread too thinly.

Moreover, despite the need for changes in focus as new developments emerge, traditional relations remain important — Canada's interest in places like western Europe will persist, but it will persist regardless of the kind of representation we maintain there. Perhaps greater emphasis should be placed on developing representation and sources of information in new areas where information is not as readily available as it is in regions of traditional concern to Canada.

Furthermore, as provincial governments develop their own representation abroad, several difficulties emerge. Canada's image abroad may be adversely affected when two levels of government air their disagreements publicly in the international arena. Secondly, the job of the Canadian ambassador in presenting a coherent picture of Canada's interests and concerns is rendered much more difficult if other Canadian international contacts are multiplied by governments.

The Challenge of Change

The Royal Institute of International Affairs gave up publishing its annual survey of world affairs in 1963 because "the task of effective synthesis and interpretation of the whole world as national and international centres of power have proliferated has become less and less feasible". But change and the increasing complexity of world affairs can be challenging and stimulating to foreign policy practitioners as well as, or instead of, daunting or overwhelming. Moreover, everyone is in the same boat — members of other professions and society in general are being forced to deal with and adapt to change. Why, then, this horror of complexity? Are not the goals of the various players still essentially the same as they always were, despite the growth in the number, variety and complexity of tasks and actors?

One reason why complexity is daunting is that it makes the establishment of clear priorities difficult. The plea for more and better policy direction is understandable. But it should be recognized that for 80 per cent of what it does, a foreign ministry has little or no option; only in 20 per cent of cases is there much room for initiative. There is therefore no need to be apologetic for being responsive or reactive to domestic or international conditions. Do not seek for more clarity than exists; clarity usually comes too late to be of much use.

Moreover, there are virtues in ambiguity. There are contradictory tendencies at work in the foreign service — on the one hand, to sulk if its policy recommendations are not accepted and on the other to say, “point us in the right direction and we’ll do it”. The objectives and priorities of the foreign service are governed not only by international conditions and events but also by the “cruel fiscal world” of competing claims for resources in Ottawa. Surely then, the correct approach to foreign service priorities is to look for the comparative advantage — to ask, “what jobs, if they are not done by the foreign service, will not be done well or will not be done at all?” And in answering this question, it will become clear that some of the demands on the foreign service do not change — they are demands that are unrelated to global changes and do not diminish in importance or urgency just because new demands appear on the international horizon.

Session II — Changes in the Methods by which International Relations are Conducted

The purpose of this session was to reach an understanding of the organizational and institutional context in which international relations are now conducted and in which they will be conducted in the decades ahead. Again, the objective was to identify changes both within Canada and internationally.

Public Diplomacy at Home and Abroad

As diplomacy has become more complex it has also become more public, and the methods by which it is conducted have in some cases precipitated and in others kept pace with that change. But there are still instances where methods — and the attitudes that determine them — have yet to catch up with changes in the environment in which they are practised.

The Secretary of State for External Affairs has become a much more active player in the conduct of Canada’s international relations — not only at regularly scheduled multilateral meetings, but also through visits abroad, where he has opportunities to deal with counterparts in other countries on a one to one basis. The same is true of the Prime Minister (although there was some debate as to whether the present Prime Minister is more active in foreign relations than, say, Sir Robert Borden). Moreover, instantaneous communications and faster methods of travel also facilitate a greater degree of contact and involvement ‘at the summit’.

Foreign service officers may react to these developments in several ways. They may see them as tending to erode and usurp their traditional diplomatic role in bargaining and negotiation. Or, they may take the view that an active Prime Minister and foreign minister are like the flagships of Canadian foreign policy — and their involvement makes it exciting and challenging to work on that ship.

Other challenges to the role of the foreign ministry arise when more domestic issues figure on the agendas of international meetings. There have always been multilateral fora devoted to global issues, but the greater emphasis on functional issues (environment, law of the sea, food, arms control) now means that officials and experts from the domestic departments concerned with the issues under discussion begin to play a larger international role. This development (along with the growth of private sector activities abroad, dealt with in the next section) means that the Department of External Affairs no longer has a monopoly on the channels and methods of conducting international relations.

How should the foreign service react to these changes? Do these changes in the methods of conducting international relations in fact erode the traditional role of the Department of External Affairs or are they simply evolutionary changes to which foreign service officers, like other professionals and public servants, must adapt? Are these changes in fact as profound as some would have us believe? Could it not be argued that multinational meetings, for example, are simply convenient methods of simplifying issues and getting all the concerned parties together at one time and place? The actual deals and negotiations that go on are no more 'multilateral' than they ever were — bilateral bargains are still what make even multilateral relations tick.

The same could be said for the more direct and active involvement of foreign ministers and domestic departments in international relations. When ministers are involved in multilateral meetings or in visits abroad, they must rely on their departmental officials, both at home and particularly abroad, for the special expertise in international relations that they possess. Moreover, posts abroad actually compete for ministerial visits because of the perceived advantages arising from them. And in the case of multilateral meetings, foreign service officers are really too busy preparing for them to worry about whether the direct involvement of the minister is eroding their own role. Furthermore, despite the increasing presence of other domestic actors on the international scene, the Department of External Affairs still has an extremely valuable 'chip' to play — its special ability and expertise in performing two roles: that of dealing with their counterparts in other countries and that of providing political assessments of foreign activities that could have implications for Canada and of domestic policies or actions that could have international repercussions. In effect, the role of the Department of External Affairs is all the more important for these reasons as methods of conducting international relations change.

Public diplomacy also has other dimensions at home and abroad. In Canada, the need to communicate information about Canadian foreign policy and activities is vital. Members of Parliament feel particularly isolated from the Department and from Canada's foreign policy, especially when most of the contact between Parliament and departmental officials takes place at parliamentary committees examining the annual estimates — where the atmosphere is adversarial rather than based on any attempt to provide a genuine exchange of information. Similarly, mass and instantaneous communications have provided the general public with much *more* information about foreign affairs but this information is not necessarily any better or more helpful in enabling

Canadians to understand the nature of international events and their significance for Canada. One of the consequences of an ill-informed public is that unrealistic public pressure may be brought to bear on politicians, demands that are not always easily resisted. A more informative press might help to correct this situation, but they must be provided with accurate, relevant, useable information in the first place — and they sometimes find that it is easier and quicker to get information from the State Department in Washington than it is to get it from the Department of External Affairs.

All this argues for a foreign service that is skilled at using modern methods of communications as a means of conducting what should be an essential part of a nation's foreign policy — informing domestic audiences about it. The distinction must be made, however, between communicating Canada's foreign policy *goals*, which is the role of elected officials, and educating various publics through the provision of factual information about Canadian policies and activities at home and abroad, which foreign service officers should become more accustomed to doing. (This issue is discussed in greater detail in Session III — The Foreign Service of the Future.)

The 'Business' of Foreign Policy

As pointed out in Session I, an increasing proportion of Canada's international relations is conducted by the business community. The impact on both the content and the methods of conducting foreign affairs is considerable. The international arena is a "world of deals" in which political and economic influence play vital and complementary roles. Economic and trade issues must be fundamental to our international relations because economic clout is the basis of a strong bargaining position. On the other hand, political relationships are important to the kind of business deals a country can make; only governments, by maintaining presences abroad, can develop the political influence that creates a climate in which business deals can be made.

This argues for greater communication and understanding between the business and foreign service professional communities. Large multinational corporations may take the attitude that ambassadors should not do anything on their behalf "unless we ask them to". The bulk of Canada's overseas business is, however, conducted by medium and small businesses to whom the services of foreign service professionals may be invaluable. A former ambassador noted the trend toward more and more businessmen seeking the assistance or advice of heads of mission — a phenomenon that was relatively rare 20 or more years ago. Government support to business of this type can be useful in at least two ways. Although the actual deals may be better made between individuals and companies in the private sector, new elements of international competition may require government action to put Canadian firms on an equal footing with their foreign competitors. Foreign service professionals can also provide business with information, liaison services to foreign partners or officials and advice on "what makes them tick" — drawing on their special expertise in operating in foreign environments.

The McLuhanesque Revolution

The ‘surge of knowledge’ and the ‘glut of data’ have been accompanied by startling advances in instantaneous and mass communications and even newer technologies for storing and transmitting data of all kinds. Does a change in the *medium* of communication signify a change in the *methods* of conducting international relations? Mass electronic media may very well require different methods — or at the very least, different *styles* — of conducting international relations. Traditional European-style diplomacy — low key, behind the scenes, often private negotiation and discussion — is not appropriate for communicating with the audiences of the electronic media. And increasingly, foreign service professionals will have to deal with these audiences at home and abroad. Nor is that style always appropriate in dealings with nations where verbal communication is the tradition — nations that have skipped directly from the pre-literate to the post-literate, or electronic, era. Diplomats wishing to get their country’s point of view across in those nations may well have to emulate the public performance style of the political leaders they are trying to reach, becoming “televised tribal chieftains” of the post-literate age. Similarly, multinational meetings are another stage where the ability to put on a public performance may sometimes prove more useful than traditional diplomatic stances. In other words, as new *vehicles* of communication develop, the adoption of appropriate *techniques* to take advantage of them is essential to the effectiveness of the methods of conducting international relations.

Operations versus Policy

In discussing changes in the methods of conducting international relations, it is important to bear in mind the distinction between the two elements of the role of the Department of External Affairs — it is the department that both contributes to and advises on the development of foreign policy and implements that policy abroad through its foreign operations. What may therefore be more significant is changes in how foreign policy is developed and implemented. The Department of External Affairs not only no longer has a monopoly on channels and contacts abroad, it has also declined as the sole source of policy development and control as the initiative shifts to bureaucracies in other departments and agencies with specialized expertise or skills (both functional — environment, fisheries — and operational — aid administration). Moreover, the centralization of policy and decision-making in Ottawa leave less and less scope for direct decision-making by foreign service officers in the field. Whether the decline of the foreign service as the sole source of foreign policy advice is a cause or an effect is open to debate. Have political leaders turned elsewhere for advice because the foreign service bureaucracy wasn’t listening carefully enough to political direction? Or has the decline been the result of the tendency to seek alternate advice? What *is* clear is that the decline is likely to continue so long as the Department’s mandate is — and is perceived to be — ill-defined and misunderstood by all those engaged in the conduct of foreign relations. These are among the topics discussed in the next section.

Session III — The Foreign Service of the Future

The objective of this session was to describe the kinds of work that what is now to be the consolidated foreign service of the future will have to do and the kinds of people who will be required to do it. How will we find the foreign service officers we need and how will we ensure that they will want to continue to make a career of foreign service?

Reason, Role and Relevance

At the base of any clear understanding of the foreign service of the future must be a precise and workable definition of its role and mandate. The question of its 'identity' must be resolved before priorities can be established and a sense of purpose achieved. Is its role that of policy adviser? supervisor of foreign operations? service provider? co-ordinator? central agency? If the foreign service must deal with and manage the increasing number, variety and complexity of international actors, events and issues, will it have time for its traditional role in the formulation of policy? And can that role be accomplished within present structures? The dilemma lies in the perception that the policy advisory role of the under-secretary of state for external affairs (USSEA) will be diluted and weakened if he also has responsibility for the delivery of the many programs that make up Canada's foreign operations — particularly in a consolidated foreign service. Yet the USSEA *must* wear all of these hats in order to be able to have a handle on them and to integrate them effectively into the formulation of useful policy advice. "Give me your people and your budget," went the warning, "and within a month I'll own your policy as well."

It was clear from the emphasis placed on the economic and commercial aspects of Canada's foreign relations and on the delivery of programs such as foreign aid that the foreign service of the future will have to be geared to ensuring that these and other programs are delivered effectively and in a manner that serves Canada's interests and commitments. At the same time, concern was expressed that the traditional roles in relation to the formulation and implementation of foreign policy and the provision of political reporting and assessments of the environments in which programs are to be delivered might suffer if they are not given sufficient recognition in the establishment of departmental priorities.

Resource limitations are yet another factor in the equation. A rationalization or streamlining of the foreign service may be necessary — based on answers to the questions "what is it essential for the foreign service to do and who should be performing these tasks?". With these kinds of considerations in mind, the following list was advanced as one model of the kinds of roles the foreign service of the future (in this case, the foreign service of the United States) would be called upon to play:

- planning, co-ordination and management of foreign affairs
- monitoring and co-ordination of implementation of foreign policy initiatives
- creation or formulation of foreign policy initiatives

- representation of government interests to foreign governments
- commercial functions and economic analysis
- facilitating and providing support services for overseas activities of other government agencies
- information and support services for travellers and tourists; consular and legal services

Yet if strictly interpreted as a list of priorities for the Department of External Affairs, this list may fail to take adequate account of the concerns participants expressed about the need for a carefully thought out balance between the department's equally important tasks of policy formulation and program delivery. It may be a mistake to exaggerate the distinction between policy and operations, but if the division is not clearly thought out, neither may get the attention it deserves.

The answers to these questions are clearly fundamental to painting a clear picture of the foreign service of the future. Once they have been resolved, some of the other elements of an ideal foreign service of the future can be filled in: It would be headed by a minister with domestic political clout sufficient to ensure that he was consulted on all policy decisions having international implications. Neither the minister nor the department he would head would be expected to be the sole source of advice on issues requiring technical expertise, but *would* be the sole source of advice on the relative importance of the particular issue in the spectrum of Canada's relations with another country or countries.

The Canadian ambassador in the field would wear all the hats and have all the authority of someone with both line and policy responsibility — enabling him to co-ordinate and maintain Canada's presence in each of the locations abroad where representation is required (a single presence in each case, as opposed to a gaggle of presences). Thus he would be both Canada's 'voice' at those locations and the government's adviser and interpreter of events and developments in his country of accreditation as they affect Canadian interests.

As its managerial and policy head, the deputy minister of the department running the foreign service should be able to ensure the department's pre-eminent position in the provision of foreign policy advice. The department's success would be judged on the basis of its ability to strike a balance between trying to do every other department's job (thereby diluting its own effectiveness by ignoring where its special expertise lies and failing to capitalize on it) and providing little more than a 'roof' under which a number of other departments and agencies operate more or less independently (thereby precluding the possibility of attaining a coherent foreign policy and presence).

The foreign service of the future would have the confidence of and clear direction (backed up by hard decisions) from the government of the day and on this basis would be able to establish goals and priorities both as a department and for its missions abroad. The department would then recruit suitable people, make staffing decisions that reflect priorities (for example, if north/south issues are of primary concern, appointments to posts in the 'south' would reflect the seriousness of Canada's commitment by heads of post being sufficiently senior), and motivate them to perform to potential by providing

some scope for decision-making and freedom from unnecessary bureaucratic requirements and paperwork.

Performers on a Changing Stage

Much of the debate about the kinds of foreign service officers that will be required in the future can be grouped under the heading of 'generalist versus specialist'. This is a question that can be sliced several ways. The perceived need for *issue* specialization arises because of the greater number of technically specialized subjects on the agenda. Although it is clearly impossible for every foreign service officer to develop expertise in each area with which he may be called upon to deal in the course of a career, coherence in foreign policy may suffer if domestic departments, which have the expertise, are left to their own devices in their areas of technical specialty. Should foreign service officers develop specializations based on issues (food, energy, environment)? on skills (diplomatic, political reporting, consular, aid administration)? on geography? What about the increasingly important role of foreign service officers in public communication and education, which also require special skills?

It is clear, however, that the foreign service does possess specialized skills — in negotiation, bargaining, dealing with diplomatic personnel and operating in foreign environments, providing political assessments of the effects of domestic policy and international events on each other — and that these skills are vital to the guiding and co-ordinating role, as well as to the policy advisory role that the department must play. This is not to say, however, that the department can afford to ignore the importance of technical expertise. If it does, the department will relinquish clout in domestic policy decisions having international implications and could become the perpetual naysayer in regard to initiatives the government wishes to pursue. What is therefore required is a careful balancing act — not a duplication of the activities of domestic departments, but an attempt to marry the necessary technical expertise with political sensitivity to domestic and international events.

This can be pursued in a number of ways. Foreign service officers can develop traditional skills in international relations yet have available a pool of subject-area and other experts on which to draw when the need arises. Lateral entry to the foreign service is another way of bringing expertise into the service; similarly, foreign service officers can spend time in other government departments acquiring skills and knowledge as part of their career development paths. But in the main, it would appear that a career rotational foreign service, as opposed to a system of single or double assignments, is what is required to form the core of an effective foreign service.

This in turn raises several organizational and personnel management questions. How is it possible to design a personnel management system to meet the needs of a foreign service that is called upon to deal with everything from high politics to the most prosaic of concerns? A separate foreign service and external affairs act might be attractive on these grounds — it could deal with the need for different arrangements to take account of the peculiar personnel and administrative needs of a rotational foreign service. Moreover, it could help to resolve the question of the 'identity' of the Department of External

Affairs and deal with the issue of where responsibility for developing foreign policy lies. On the other hand, a separate act for the Department could introduce other kinds of inflexibility, even if it were successful in eliminating existing rigidities. Could not administrative arrangements such as — or in addition to — those that already exist accomplish the same ends? Moreover, although it may be necessary to treat the foreign service differently when they are serving abroad, to do so when they are posted to Ottawa would be to deprive them of influence in the system because of the effect on the perceptions and attitudes of other public servants of special arrangements for foreign service officers.

Whatever arrangements are established, the Department will still be faced with the problem of recruiting and holding on to good foreign service officers.

Finding and Keeping the Ideal Foreign Service Officer

It is perhaps easier to define the qualities of an ideal foreign service officer than it is to say how to ensure that the Department finds and hires them — and then keeps them performing to potential. The consensus was that the ‘right’ people certainly exist, but that the Department’s difficulties in finding and keeping them can be traced to perhaps two factors. On the recruitment side, the process may not be particularly well-suited to finding foreign service officers with the desired qualities — judgement, flexibility, analytical abilities, initiative, a willingness to challenge ‘the way things are’, the ability to communicate in one (and preferably both) official languages.

The use of multiple choice tests, for example, and the fact that candidates’ references may not always be thoroughly checked, a procedure that would add considerably to the Department’s ability to assess a candidate’s suitability, are areas for concern. Moreover, potentially good foreign service officers may no longer be attracted to the foreign service for a number of reasons. These are probably less related to the physical conditions of foreign service (hardship, terrorism, family dislocation) than they are to perceptions about the nature of the job itself. For example, potential candidates may not believe that employment in the foreign service will fulfil their idealistic notions about ‘service’ and that these will be better fulfilled by work in smaller agencies or non-governmental organizations. There is also a perception that foreign service involves a long ‘apprenticeship’ for junior officers (even if the ‘University of the East Block’* no longer exists — if indeed it ever did). This may be bolstered by the attitude of more senior members of the service — every generation of foreign service officers thinks that the next generation is “no damn good”. Moreover, there is a sense that there is little room for personal initiative and challenge in the hierarchy of the department — and that more junior officers cannot see, and receive credit for, the results of their work.

* The headquarters of the Department of External Affairs was for many years located in the East Block of the Parliament Buildings. There, newly-recruited foreign service officers were said to undergo intensive ‘indoctrination’ in the ways of the foreign service and received instructions before being posted.

Not all participants agreed with this analysis of recruitment difficulties, but many advanced similar arguments to explain the department's problems in *keeping* good officers, stating that "the ones we lose are the ones we most need to keep". The system was said to discourage initiative, hard analysis and lively criticism — although again, there was some debate as to whether the recruitment process is producing foreign service officers with these attributes in sufficient quantity. Moreover, can it really be said that 'insufficient challenge' is a reason for failing to attract and keep good officers when the colloquium had just spent two days identifying the very real challenges that do exist?

Colloquium participants went on to identify several conditions that contribute to problems of morale and motivation in the foreign service. Attitudes at senior government levels — specifically the Prime Minister — toward diplomats in general is a particularly serious one because the foreign service tends to measure its own value to the government and the Prime Minister in terms of public manifestations such as the *'New York Times'* remark'. If the diplomatic corps in Ottawa is ignored and the foreign service constantly second-guessed on its advice, many saw this situation as the most serious source of continuing morale problems.

Also serious, however, are the problems associated with insufficient direction to the foreign service from top government and senior management officials. The difficulty of achieving a sense of purpose in the absence of clear objectives and priorities has already been alluded to (although this is perhaps more easily achieved by some officers, for example those in the trade commissioner service, than by others).

Psychological hardships were also mentioned. It is extremely demoralizing, for example, to have to serve in a country where the human rights situation "stinks", to be unable to do anything about that situation, to know that the role of the Canadian representative does not *permit* any action with respect to human rights. Moreover, Canada's other relations with these countries are usually limited precisely because of the state of human rights there and thus there is less of a job to provide satisfaction. Perhaps more subtle are the effects on morale of the fact that 'accomplishment' in the foreign service tends to be measured in negative ways. The foreign service officer is successful who can say — I did my job well; nothing happened to disturb our relations.

Other problems identified included insufficient career planning and staff training (particularly language training) and development; the tendency to regard the political and economic officers as the 'real' foreign service and the rest as 'mere functionaries'; the trend toward more 'chiefs' and fewer 'indians', particularly at headquarters; and the paperburden — the proliferation of administrative requirements and procedures that are time-consuming without appearing particularly necessary or useful.

The Foreign Service of the Future

In discussing the foreign service of the future, colloquium participants focused on a forecast of what the foreign service of the United States might be like in the future. Given that the Canadian foreign service will have to respond to many of the same changes and challenges, participants seemed to agree that

it would probably develop along some of the lines suggested in the following description.

For reasons of cost, security and family considerations, the foreign service of the future will likely become more centralized at headquarters. Many of its procedures and tasks will become more mechanized and automated. The service will likely evolve toward two corps — foreign service operations and a foreign service (policy) department. ‘Consolidation’ will be achieved through the personnel administration system, but not in functional areas, and will be aimed at achieving equity and fairness among members from different services posted to the same location. In other words, different ‘presences’ at the same location will likely be maintained, but those serving at a single location will share the same conditions of service. There will be greater attempts to stream and develop career officers by forcing more coherent specialization of officers, developing their political reporting skills and ensuring that ‘policy types’ have had some operational experience before they get to senior levels so that management and leadership skills are developed by the time they are needed. Finally, there will be attempts to streamline the foreign service and to determine what jobs the foreign service must really do — including, for example, consideration of the possibility of ‘contracting out’ certain kinds of functions such as aid to travellers, possibly even to the private sector, where appropriate.

The foreign service must continue to be seen and identified as a distinct profession if it is to attract and keep officers of the desired calibre. On the other hand, the foreign service profession may have done itself more self-inflicted damage by insisting on its uniqueness than has occurred for other reasons. There is very little public perception of the foreign service as a particularly underprivileged group of people — in fact, quite the opposite. There are certainly valid concerns to be dealt with, but this is true of all professions, many of which are in varying states of shock and crisis having to do with challenges to traditional attitudes and practices and responses to changing conditions.

The increasing tendency among foreign service officers to look at conditions of work rather than at the condition of the world is to be deplored. If the foreign service wishes to be regarded and treated as an elite, let it act like one. A foreign service that ignores these admonitions is its own worst enemy.

Colloquium Participants

- Arthur Andrew*, Visiting Professor, School of Journalism, University of King's College; (former Canadian Ambassador to Greece, Sweden and Israel; former Assistant Under-secretary of State for External Affairs)
- William Bacchus*, Personnel Officer, Office of Program Coordination, United States Department of State
- Kingman Brewster*, Member of the New York law firm of Winthrop, Stimson, Putnam and Roberts; (former US Ambassador to the United Kingdom; former President of Yale University)
- James Eayrs*, Eric Dennis Memorial Professor of Government and Political Science, Dalhousie University
- John English*, Professor, Department of History, University of Waterloo
- Jacques Gagnon*, Senior Executive Vice-President of Aluminium Company of Canada; Chairman of the Canadian Manufacturers' Association
- Jack Granatstein*, Professor, Department of History, York University
- Ivan Head*, President, International Development Research Centre; (former Special Assistant to the Prime Minister on International Relations)
- Pauline Jewett, M.P.*, New Democratic Party critic for Foreign Affairs
- Jeremy Kinsman*, Chairman of Policy Planning Secretariat, Department of External Affairs
- The Honourable Flora MacDonald, P.C., M.P.*, Progressive Conservative Party critic for Foreign Affairs; (former Secretary of State for External Affairs)
- Kathryn McCallion*, President, Professional Association of Foreign Service Officers; Office of General Trade Relations, Trade Commissioner Service, Department of Industry, Trade and Commerce
- Allan McGill*, (former Inspector General, Department of External Affairs; former Acting Chairman of the Policy Analysis Group, Department of External Affairs)
- Daniel Molgat*, Deputy Under-secretary of State for External Affairs; (former Canadian Ambassador to Portugal)
- Kim Nossal*, Assistant Professor, Department of Political Science, McMaster University
- Renate Pratt*, Co-ordinator, Task Force on the Churches and Corporate Responsibility
- The Honourable Mitchell Sharp, P.C.*, Commissioner, Northern Pipeline Agency; (former President of the Privy Council and Government House Leader; former Secretary of State for External Affairs)
- Geoff Stevens*, National Editor, *The Globe and Mail*
- Hugh Stevens*, Chairman of the Board, Canada Wire and Cable; Vice-Chairman, Canadian Business and Industry International Advisory Committee; Deputy International President, Pacific Basin Economic Council
- Bernard Wood*, Executive Director, North-South Institute

DATA SOURCES

In keeping with the Prime Minister's request that the Commission "put the emphasis on contacts, either personal or by letter, with the members of the foreign service", the opinions of employees and their spouses were actively sought out. The Commission employed various modes of information-gathering for canvassing the opinions of as many of these individuals as possible. These data sources were the backbone of the Commission's deliberations. Through them, the Commission came to an understanding of the nature and variety of problems facing the foreign service and saw the human side of the issues. In addition, the data sources provided a statistical reference that enabled us to gauge the priorities of the different groups within the foreign service community. The data sources were of four main types:

- 1) **Submissions:** The Commission invited the foreign service community, individuals, government departments and private organizations to submit written reports. By mid-1981, 806 individuals had responded to the Commission's invitations either singly or in groups. Most of the organizations solicited also responded.
- 2) **Interviews:** The Commission undertook an extensive series of interviews and informal hearings. It travelled abroad to meet with the members of the foreign service community and discuss their concerns. At home, the representatives of government departments, interested individuals and Ottawa-based employees had the chance to talk with the Commission. Finally, the opinions of former members of the foreign service were solicited by means of a telephone survey.
- 3) **Questionnaires:** The Commission sent questionnaires to employees of the foreign service, their spouses and children. These findings are discussed in a separate report, "The Perceptions of Foreign Service Employees, Spouses and Dependents".

- 4) **Tear Sheets:** The Commission placed in the questionnaires a detachable page, later dubbed a 'tear sheet', which invited open-ended responses to three questions. The respondents were asked to describe the three most enjoyable and the three most displeasing aspects of a foreign service life and to offer three recommendations for improving conditions in the foreign service.

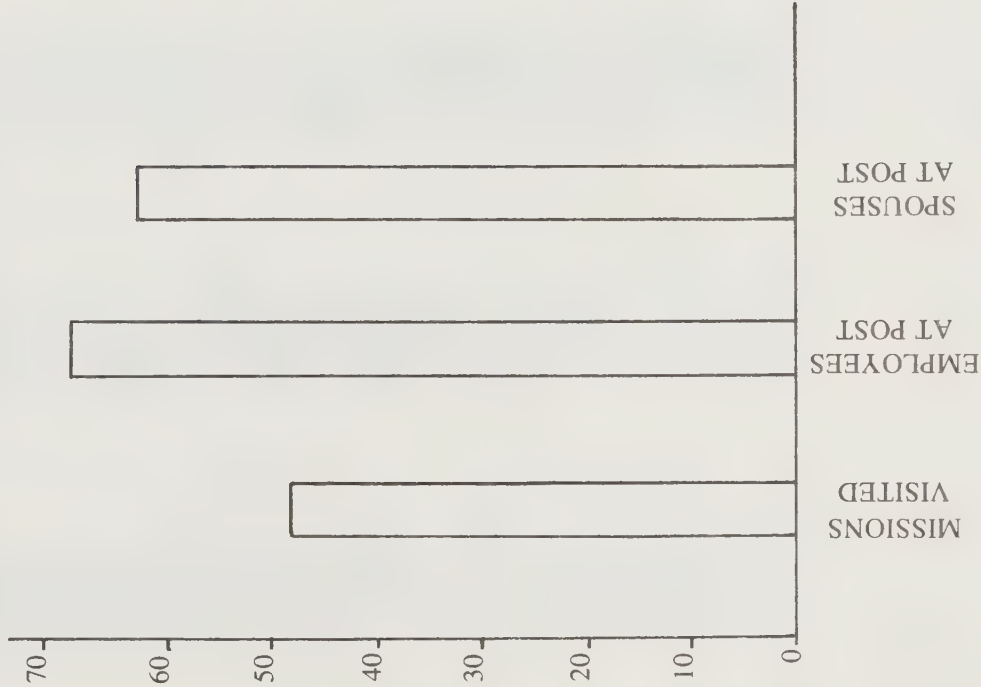
This report presents some of the quantitative findings of the data sources. The first section, Interviews, simply presents the track record of the Commission in its interviewing abroad and describes the telephone survey. It does not deal with the Commission's interviews at home as this subject is dealt with elsewhere. The section on Individual Submissions shows what percentage of foreign service officers, administrative support staff and spouses brought up any of twelve possible topics of discussion in their submissions to the Commission. The final section on the Tear Sheets has two parts. First, there are three charts that identify the major sources of satisfaction in foreign service, the major sources of dissatisfaction and the recommendations most frequently mentioned by foreign service officers, administrative staff and spouses. The second part is more complex. It gives the percentages of foreign service officers, administrative staff and spouses who mentioned problems in four main areas: Environment, Financial Compensation, Personnel Administration and Management/Administration. Each chart gives samples of the concerns in each area and comments on the findings.

Interviews

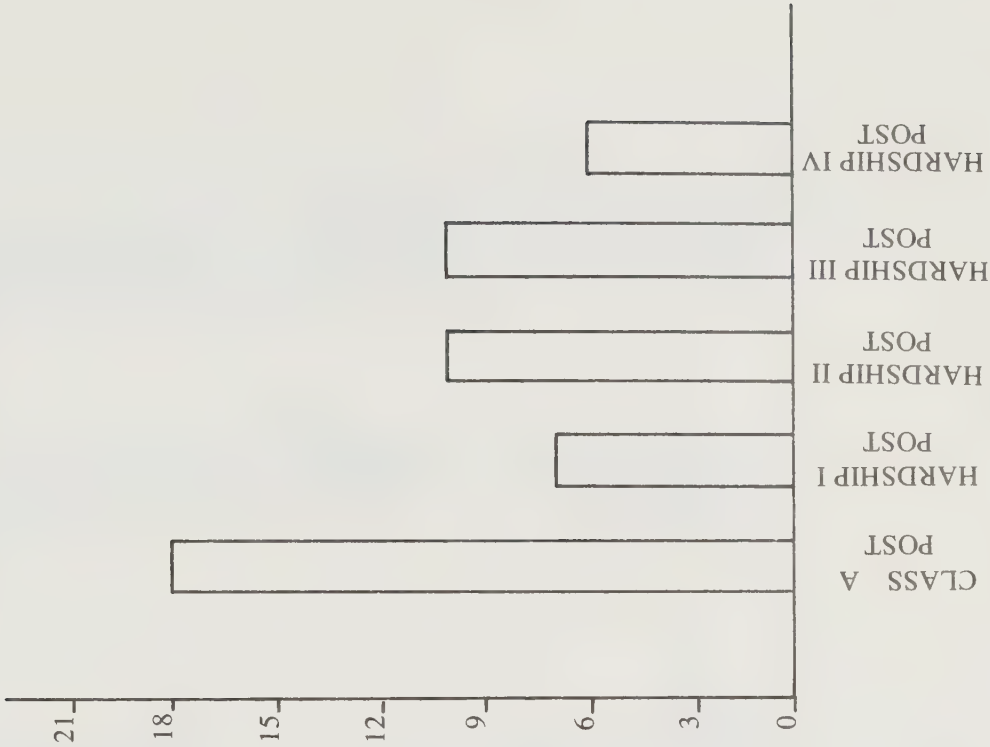
By far the largest source of information on conditions abroad were the meetings conducted at various posts around the world with government employees and their spouses. The Commission dispatched two teams of interviewers to Canadian missions abroad to act as 'listening-posts' and to report on the specific problems faced by Canadian representatives in various areas of the world. During the six-month period set aside for this research, the teams travelled more than 320,000 kilometres. The Commissioner made six trips abroad during this time, logging more than 121,000 kilometres and meeting over 1300 employees and spouses.

A slightly different perspective on foreign service problems was obtained by interviewing former employees who, for various reasons, had quit the service in the last five years. Close to 90 of these individuals were contacted, notified of the questions that would be put to them (including, of course, the question that immediately comes to mind: "Why did you resign?"), and then, after an interval of several days, interviewed — usually by telephone. These ex-foreign service employees were encouraged to speak with complete candour of the problems and personalities they had encountered in the service. Like their former colleagues interviewed in Canada and abroad, these individuals were frank in their talks with the Commission and, as such, were of great help in the information-gathering stage of the investigation.

POSTS VISITED/EMPLOYEES AND SPOUSES AT THOSE POSTS
(% of total number/population abroad)

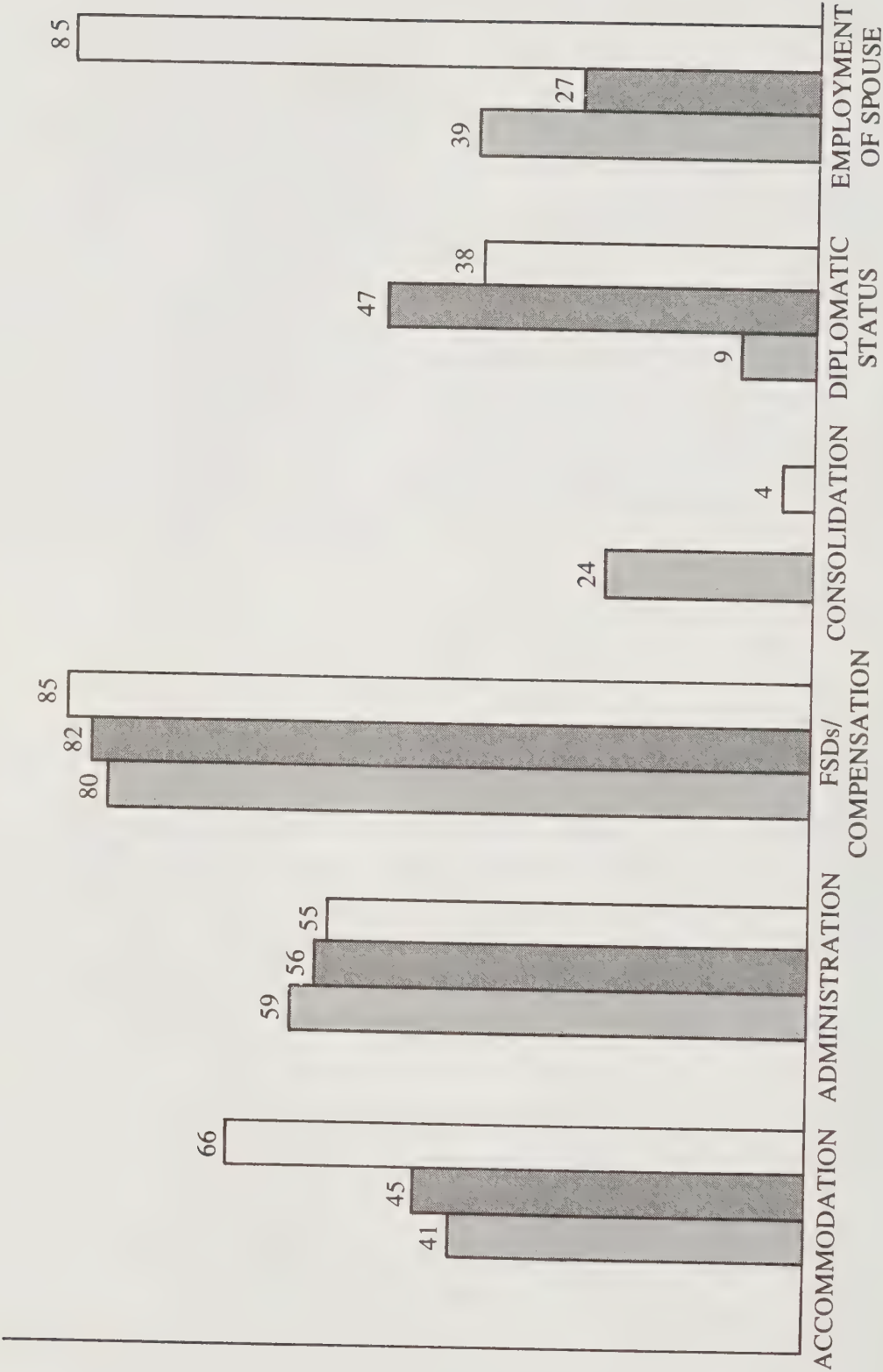


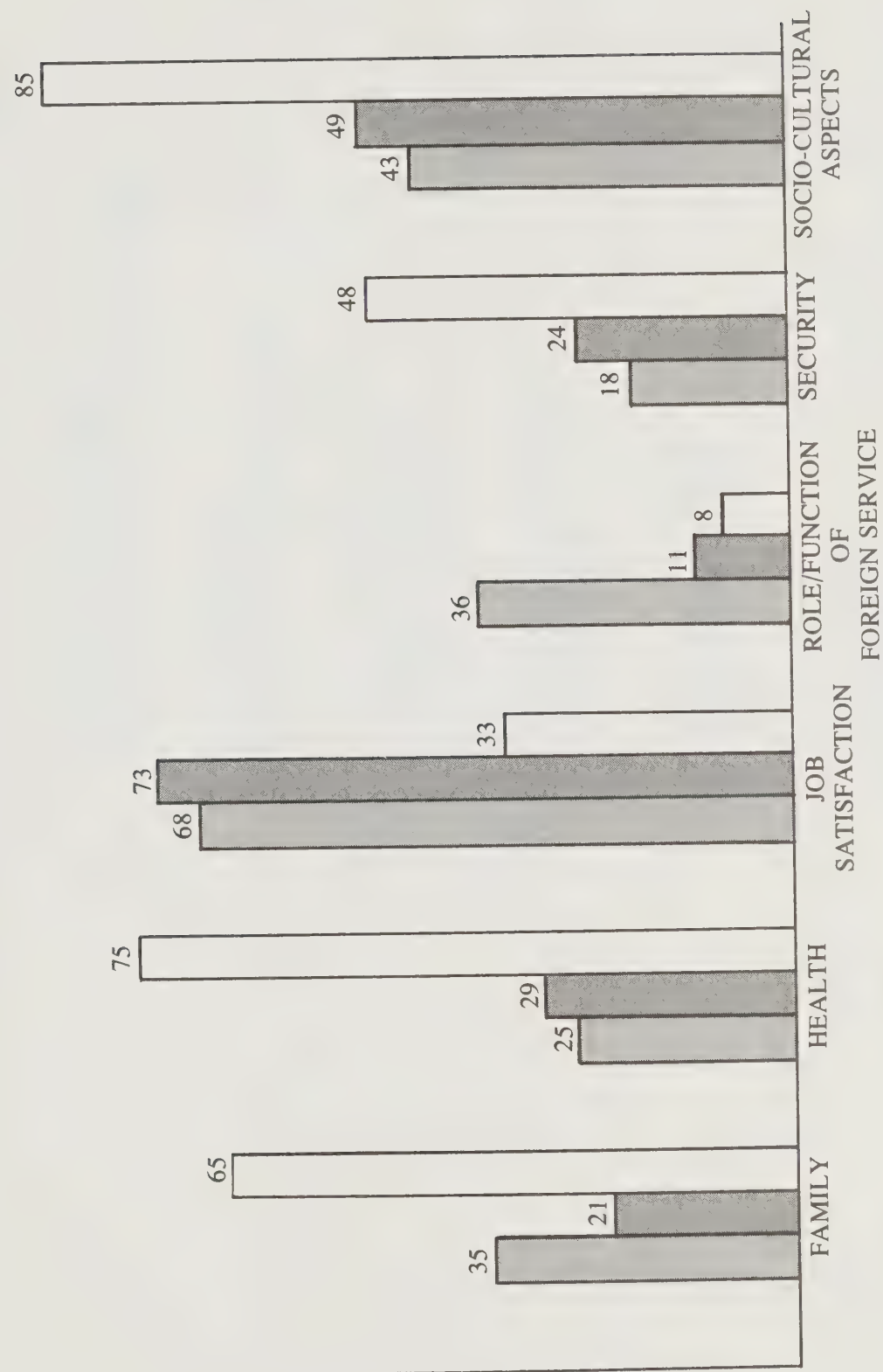
TYPES OF MISSIONS VISITED
(number)



INDIVIDUAL SUBMISSIONS

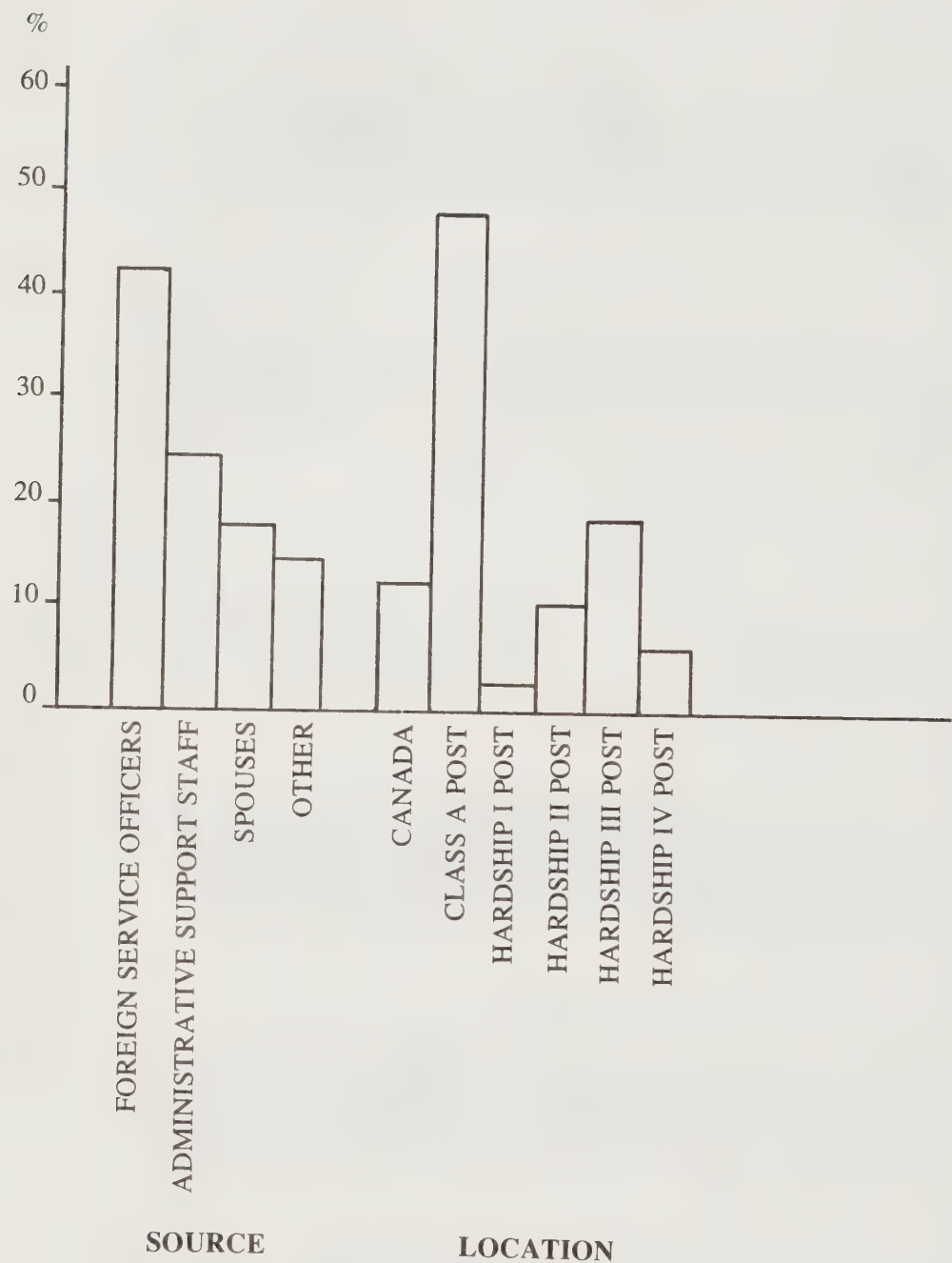
TOPICS OF DISCUSSION
(% of submissions received)





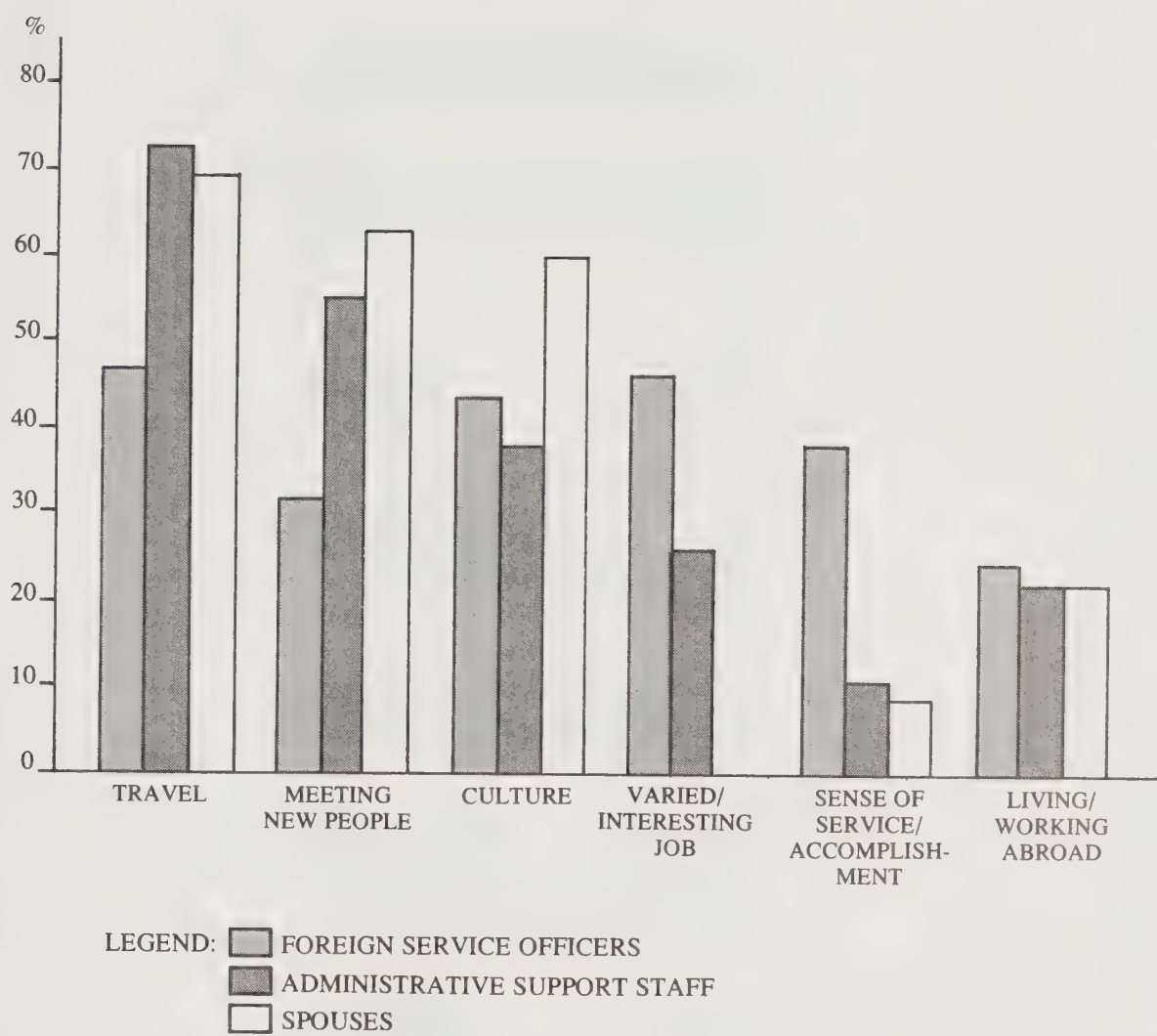
LEGEND:
 FOREIGN SERVICE OFFICERS
 ADMINISTRATIVE SUPPORT STAFF
 SPOUSES

INDIVIDUAL SUBMISSIONS (% of 282 submissions received*)



* The Commissioner received 314 submissions in all. However, only 282 arrived in time for statistical analysis.

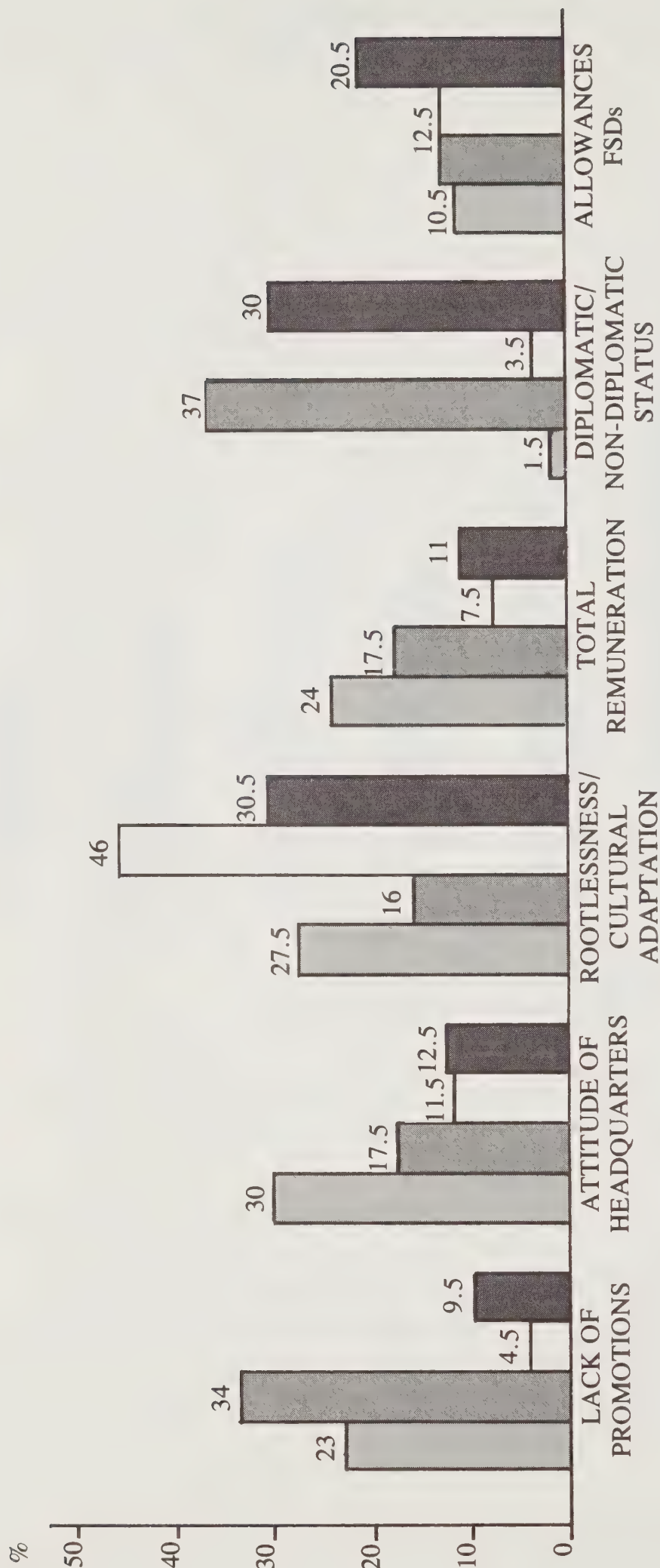
TEAR SHEETS
MAJOR SOURCES OF SATISFACTION
(% of respondents)



TEAR SHEETS

MAJOR SOURCES OF DISSATISFACTION

(% of respondents)

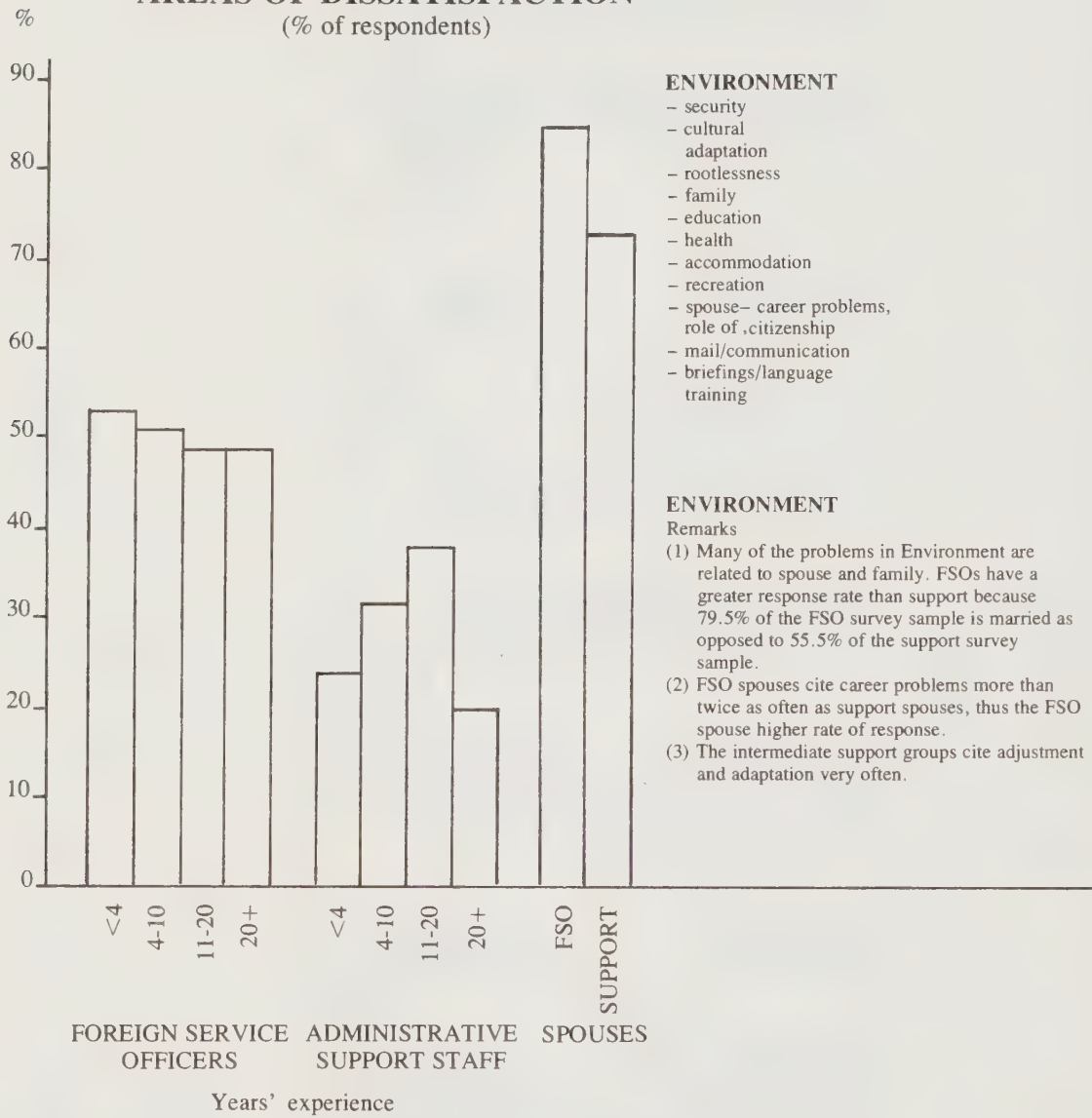


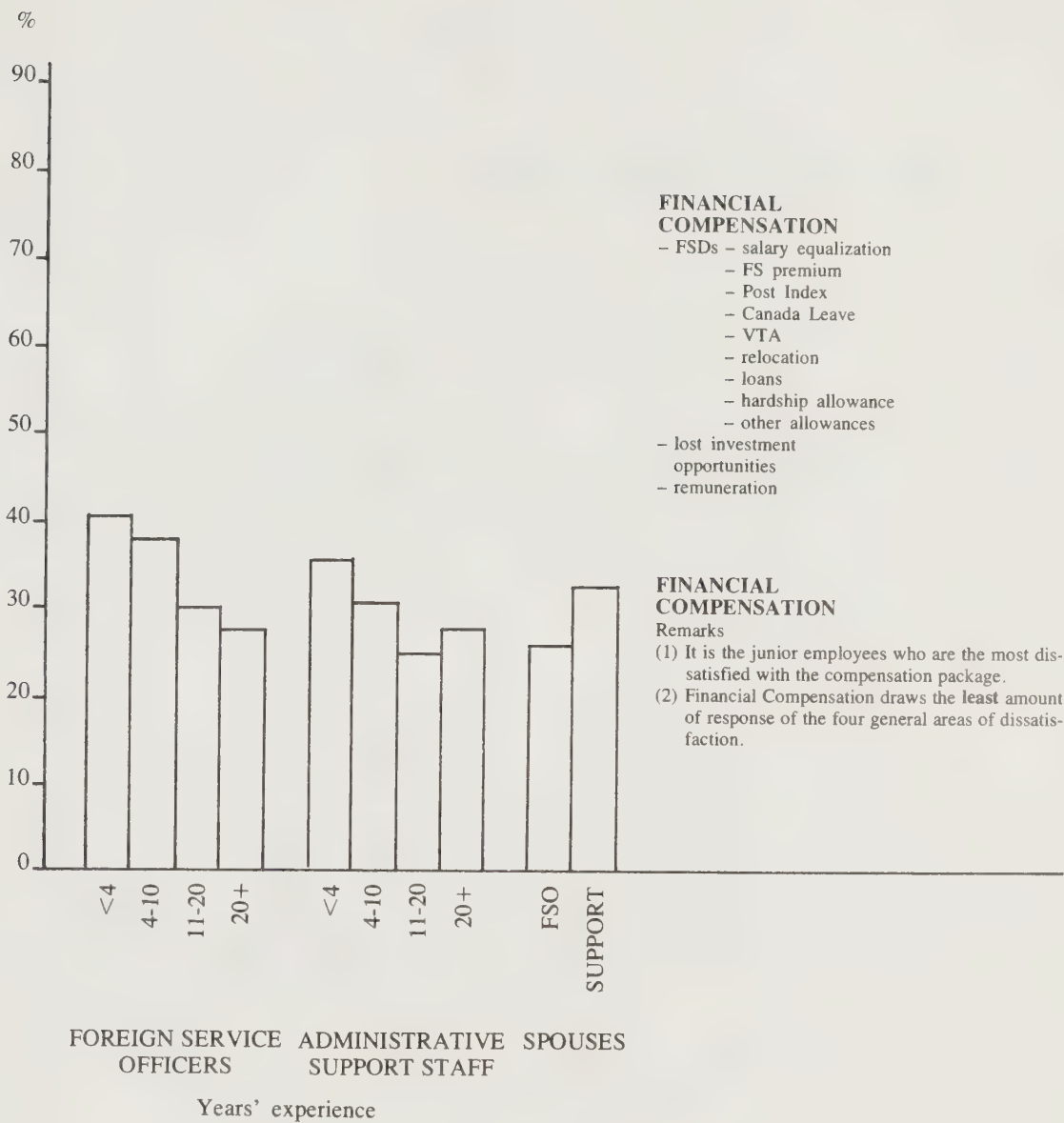


LEGEND:

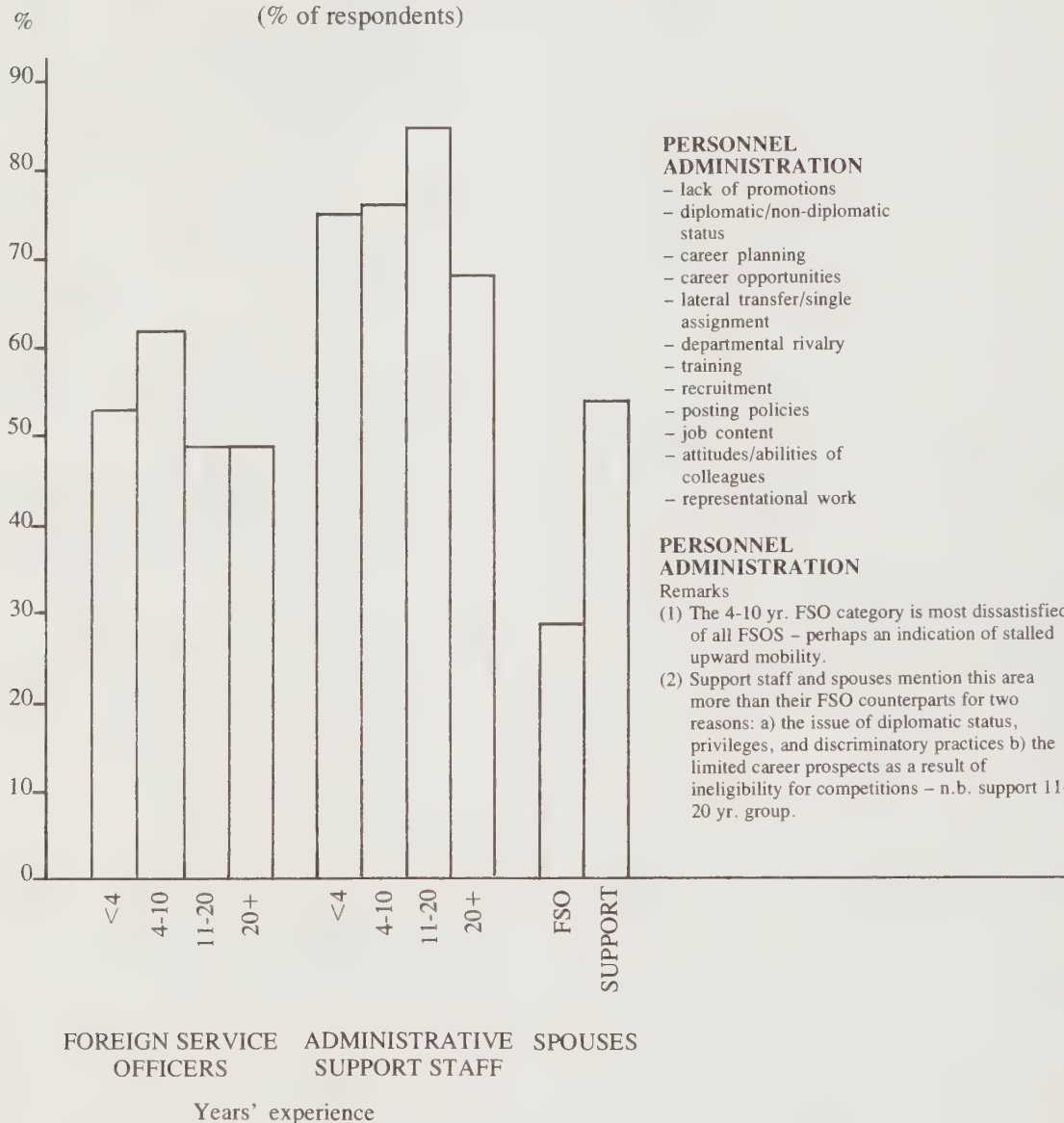
- FOREIGN SERVICE OFFICERS
- ADMINISTRATIVE SUPPORT STAFF
- SPOUSES OF FOREIGN SERVICE OFFICERS
- SPOUSES OF ADMINISTRATIVE SUPPORT STAFF

TEAR SHEETS AREAS OF DISSATISFACTION (% of respondents)



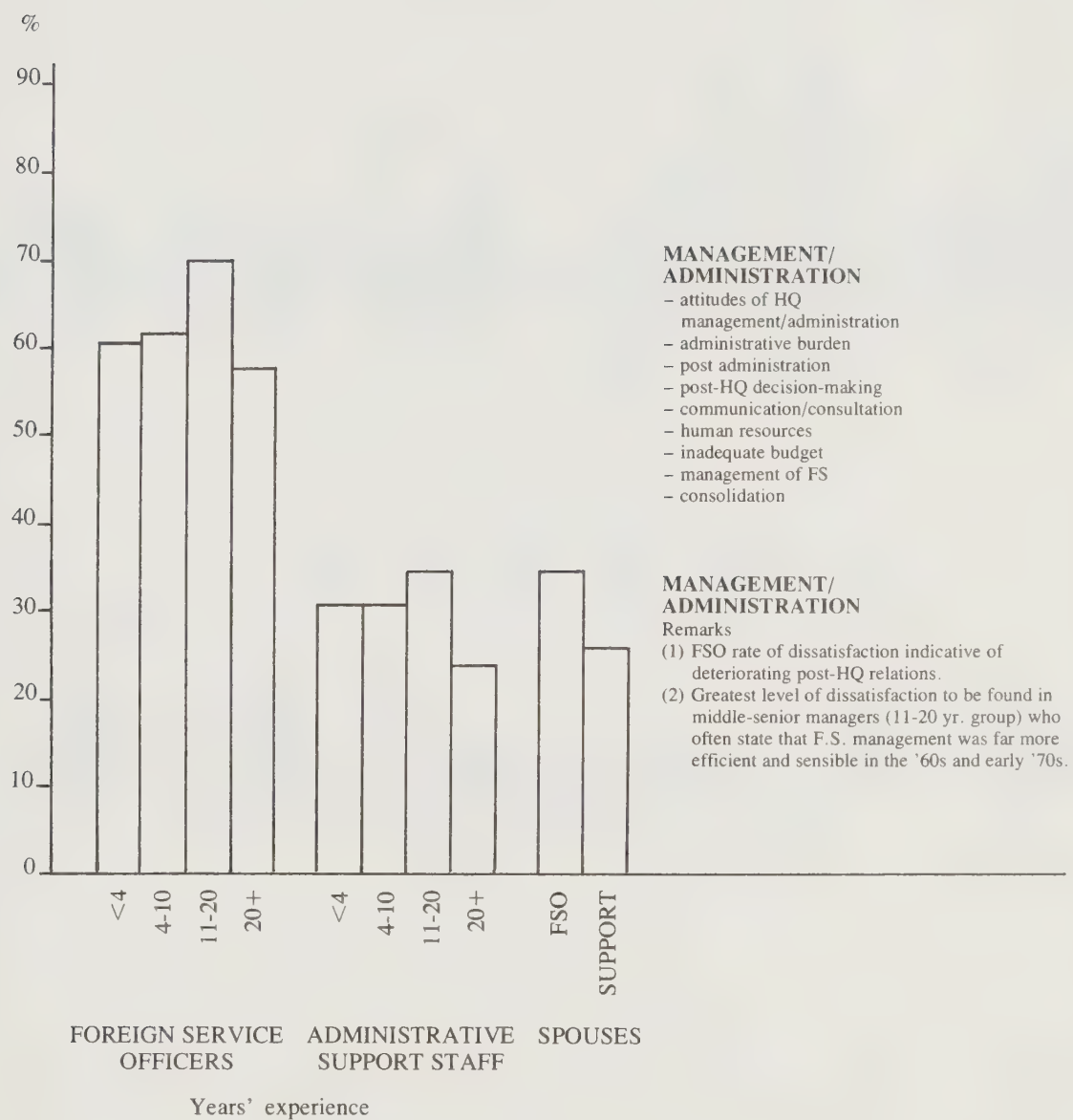


TEAR SHEETS AREAS OF DISSATISFACTION (% of respondents)

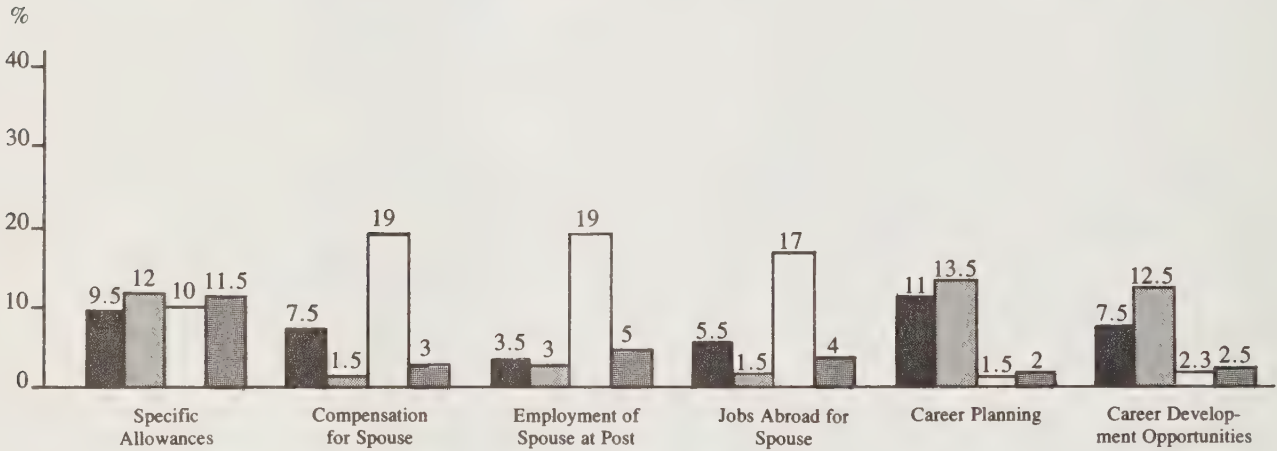
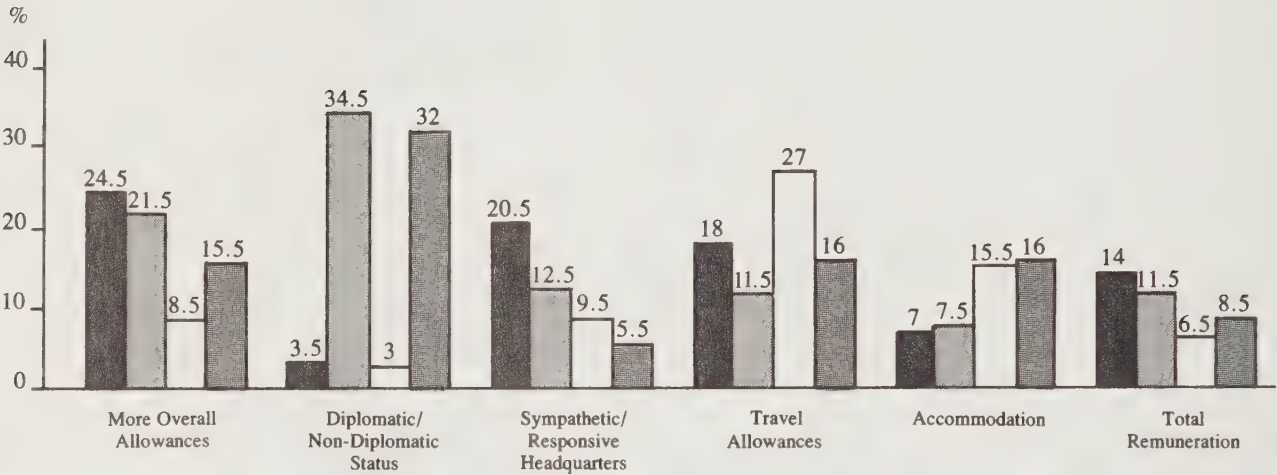


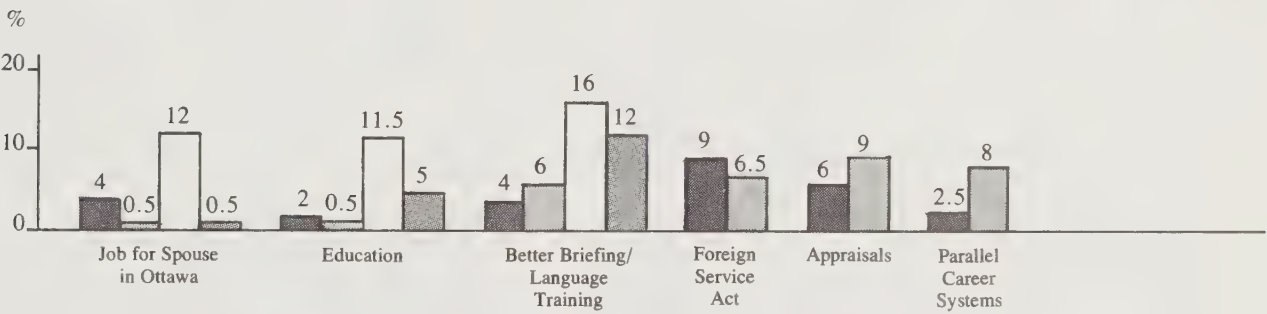
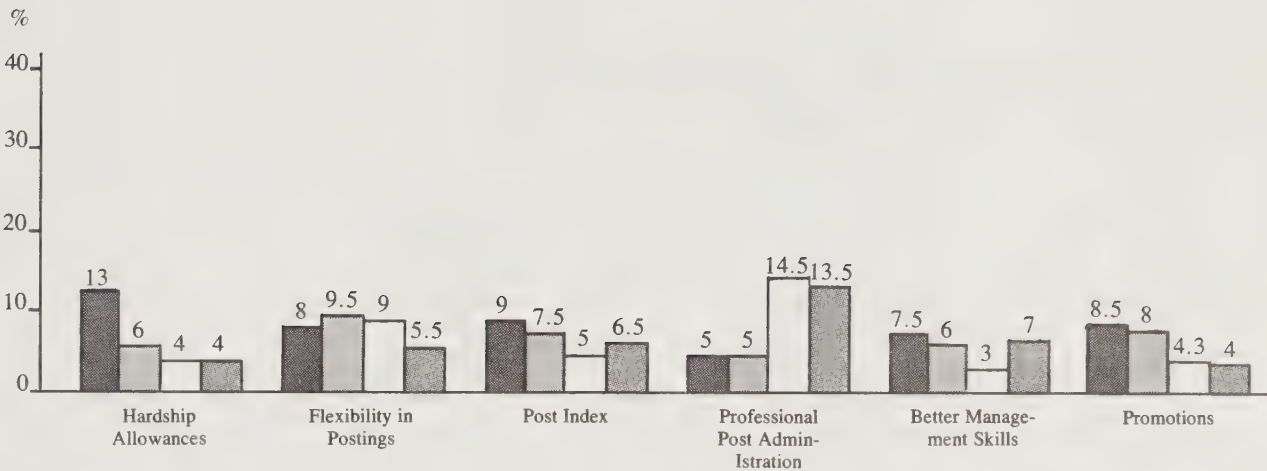
- PERSONNEL ADMINISTRATION**
- lack of promotions
 - diplomatic/non-diplomatic status
 - career planning
 - career opportunities
 - lateral transfer/single assignment
 - departmental rivalry
 - training
 - recruitment
 - posting policies
 - job content
 - attitudes/abilities of colleagues
 - representational work

- PERSONNEL ADMINISTRATION**
Remarks
- (1) The 4-10 yr. FSO category is most dissatisfied of all FSOS – perhaps an indication of stalled upward mobility.
 - (2) Support staff and spouses mention this area more than their FSO counterparts for two reasons: a) the issue of diplomatic status, privileges, and discriminatory practices b) the limited career prospects as a result of ineligibility for competitions – n.b. support 11-20 yr. group.



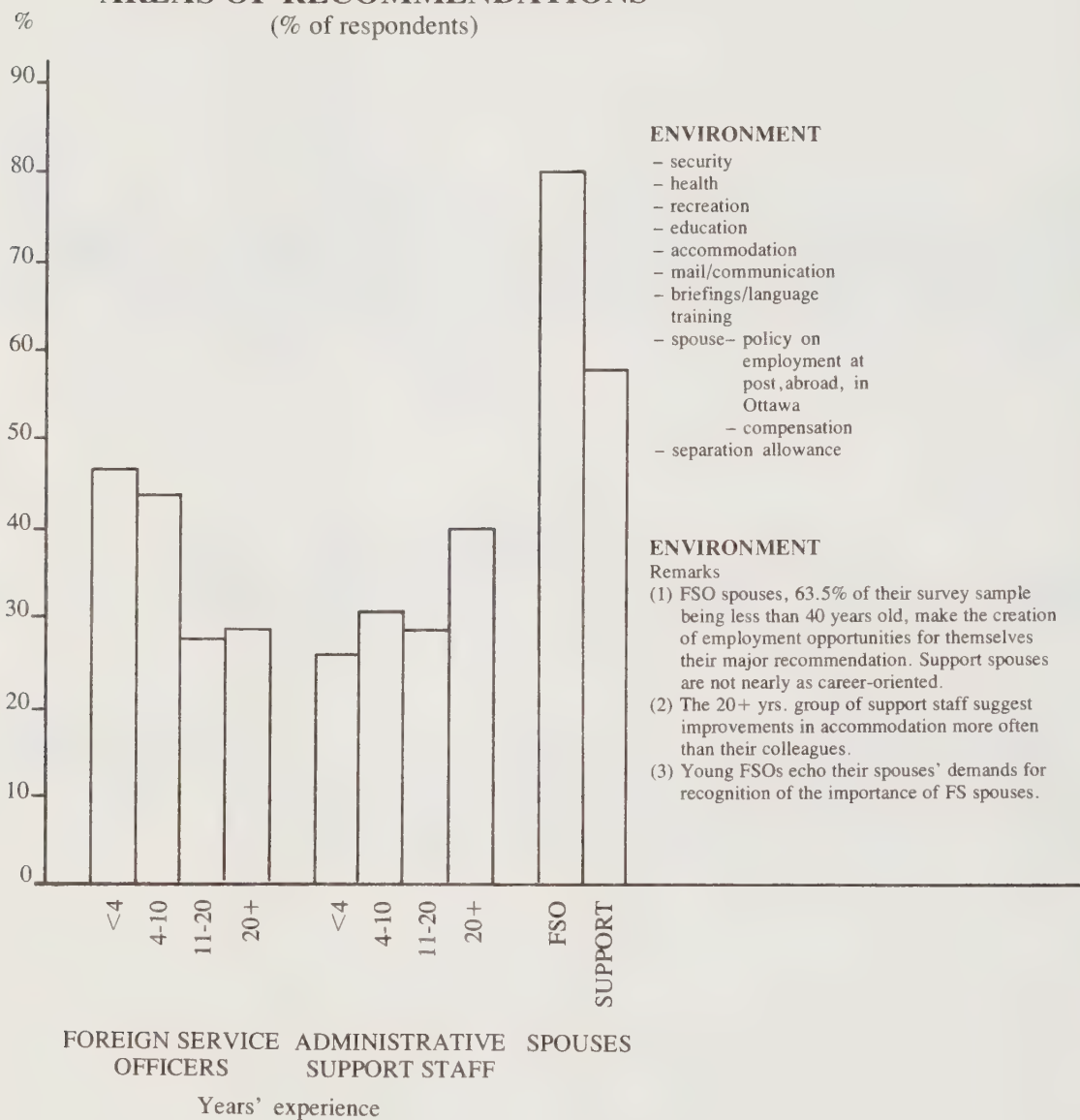
TEAR SHEETS
MAJOR RECOMMENDATIONS
 (% of respondents)

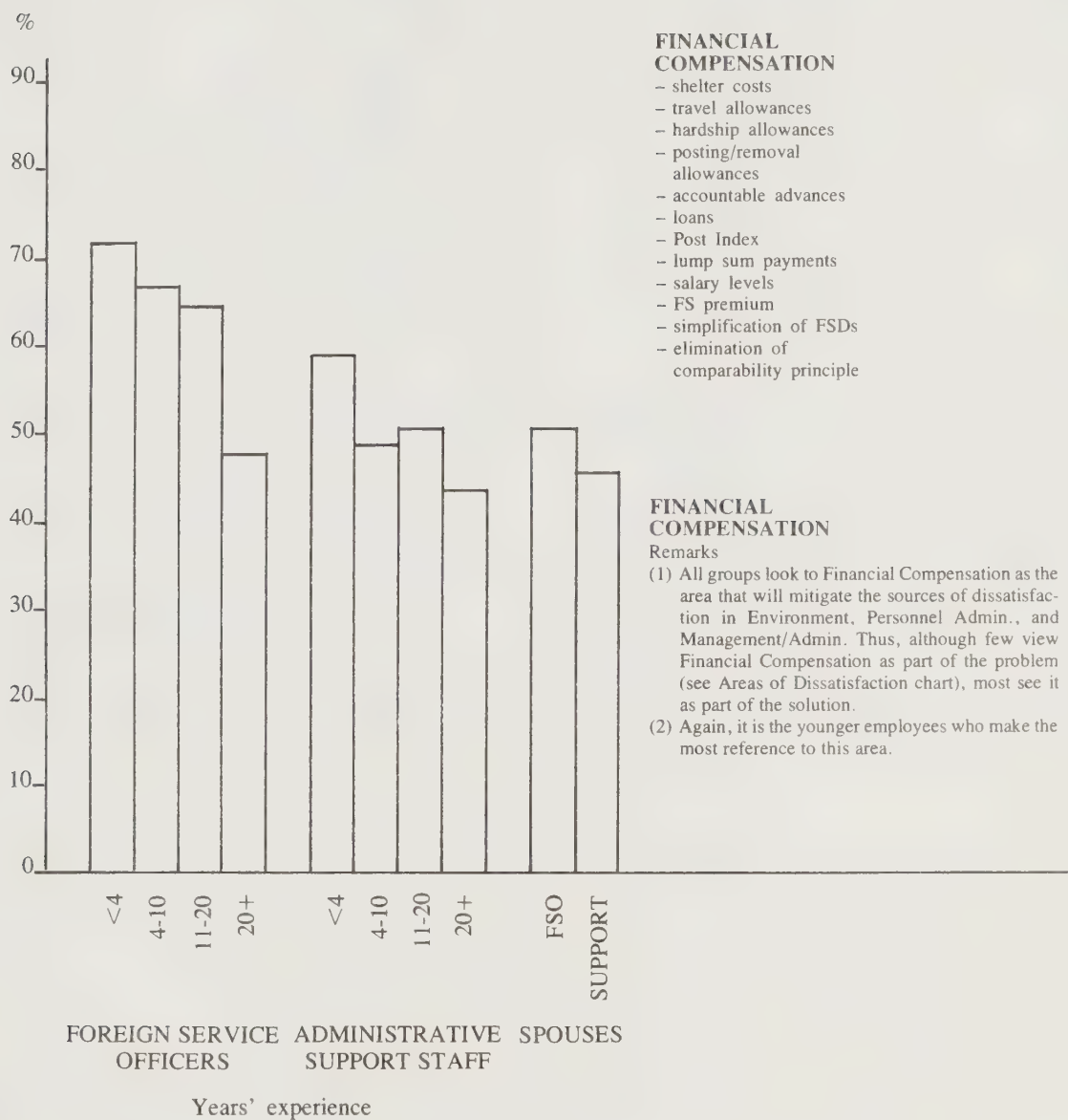




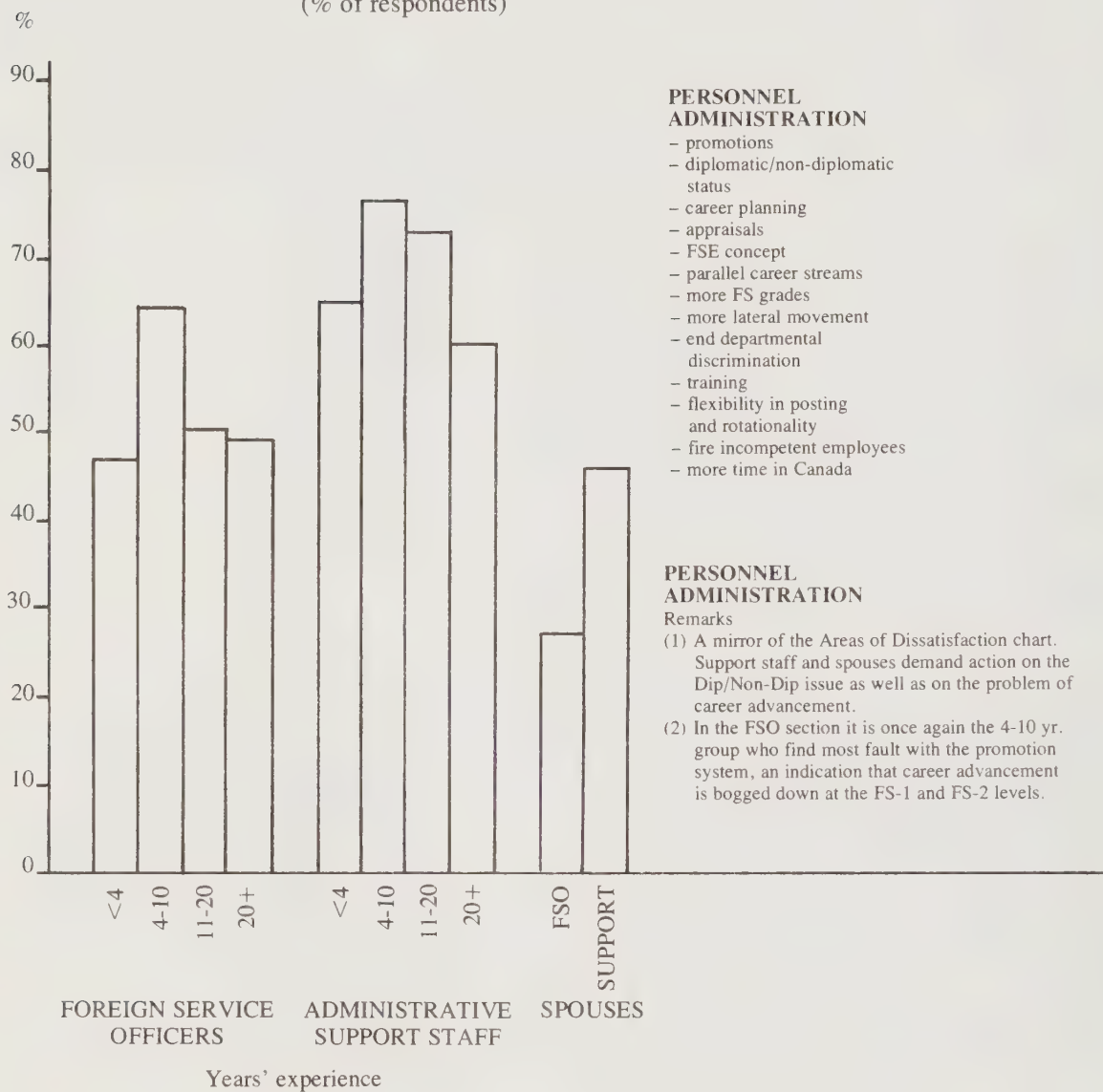
LEGEND: FOREIGN SERVICE OFFICERS
 ADMINISTRATIVE SUPPORT STAFF
 SPOUSES OF FOREIGN SERVICE OFFICERS
 SPOUSES OF ADMINISTRATIVE SUPPORT STAFF

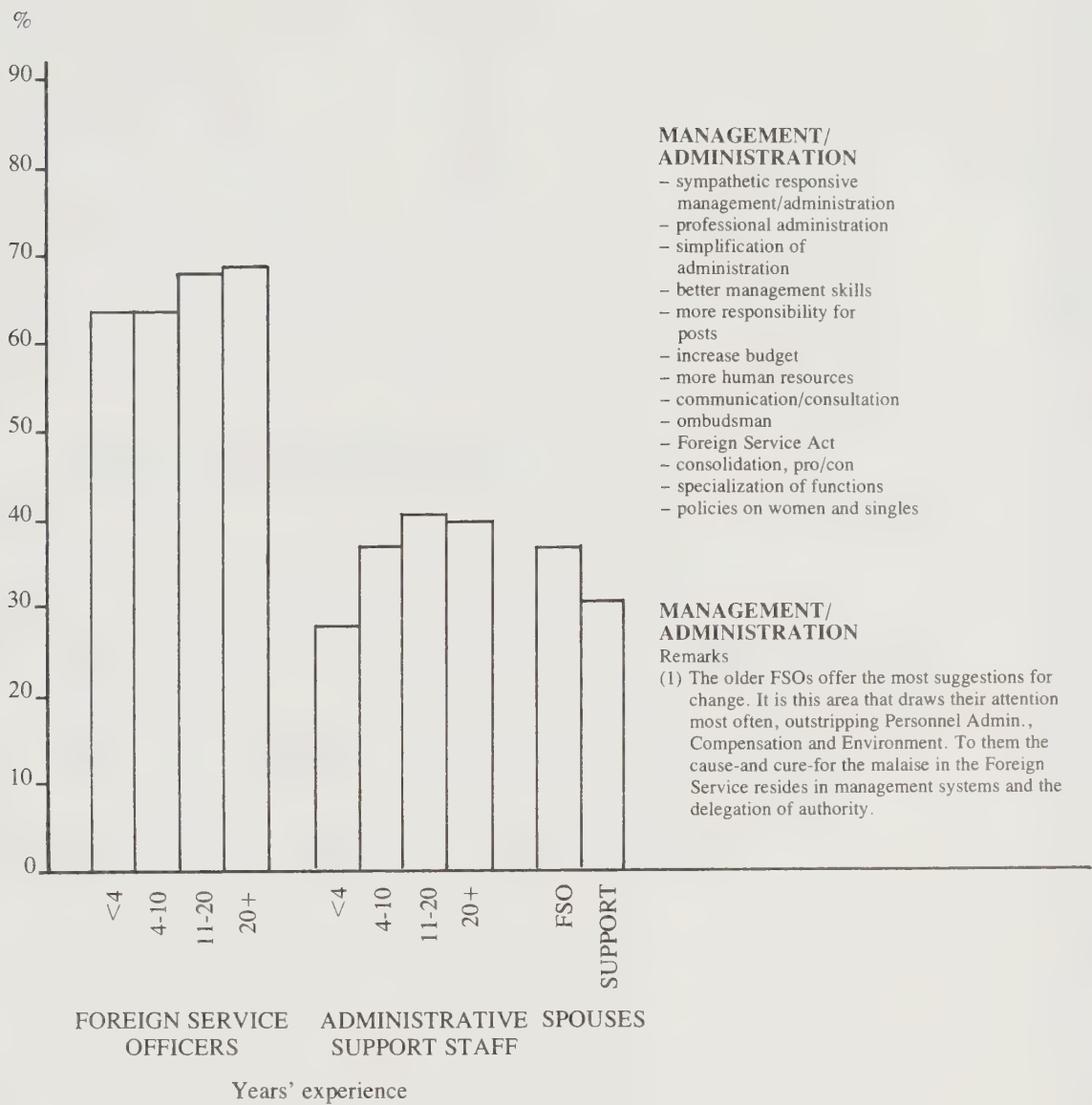
TEAR SHEETS AREAS OF RECOMMENDATIONS (% of respondents)





TEAR SHEETS AREAS OF RECOMMENDATIONS (% of respondents)





Appendices

- **Selected Bibliography**
- **Submissions to the Commission**
- **Meetings of the Commission**
- **Staff and Consultants**

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SUBMISSIONS TO THE COMMISSION

Members of the Foreign Service

The following is a list of those members of the Service who made formal submissions to the Commission either individually or as members of a group. We are grateful to all who took the time and effort to do so and regret the inadvertent omission of any other names that should appear here.

P.T. Abear	M.J. Button	J.A.G. Deschênes
C.J. Adams	M. Cabrol	F. Desilets
B.M. Adamson	R.A. Caldato	C. Dessureault
A. Advokaat	A.C. Cameron	G.M. Devlin
L. Amissah	S.F. Carlson	L.T. Dickenson
J. Arkelian	J-P. Carrier	C.I. Dickson
D.J. Armstrong	M. Carr-Ribeiro	A.K. Dion
S. Baillieul	L.J. Chapin	J-Y. Dionne
B.L. Barnett	P.H. Chapin	L.R. Douglas
P.E. Barton	J.H. Chaplin	P.G. Douglas
J.Y. Beaulieu	C.T. Charland	M.P. Duff
S. Beaulieu-Gingras	H. Childs	E.O. Duff
J.C. Beaulne	D.L. Clark	S.J. Dumouchel
G. Béchard	W.J. Collett	M. Dupuis
M. Béchard	G.N. Comeau	R.J. Edington
R.P.J. Bélanger	C. Corbett	R.B. Edmonds
M.I. Bennett	C. Cordisco	G. Elliott
S.A. Bews-Wright	M. Couture-Verville	J.A. Elliott
D. Bickford	E. Covill	R. Elliott
Y. Bisseker	F.J. Covill	C.G. England
M.B. Blackwood	H.L. Cowan	J.D. Fanning
L. Blavatska	D. Cowley	J.P. Faulkner
G.H. Blouin	P.W. Dabb	P. Fauteux
J.C. Bond	R.C. da Costa	I.C. Ferguson
Y. Bonneau	A. Dann	A. Ferland
L. Bourgault	B.J. Davis	A.J.C. Ferland
M-A. Brault	C.E.F. Davis	M. Fine
M.C. Brock	F.M. Dawson	B. Flack
J.R. Brocklebank	J.M. Dawson	E.H. Fleming
C. Browne	W.P. Dawson	C.R. Forrest
G. Bruneau	E.F. del Buey	d'I. Fortier
Z.W. Burianyk	M-E. Déry	C.A. Foster
E.R.G. Butler	M. de Salaberry	P.R. Fournier
E. Francoeur	G.T. Jacoby	G. Mathieu
D. Fraser	E.G Jones	A.B. Mayer
D.R.T. Fraser	B.J.E. Jutzi	F.M. McCallum
J.M. Fraser	P.M. Jutzi	S.B. McDowall
N. Fraser	E.A.E. Kelm	B.A. McKean
P.D. Frazer	M.F. Kergin	K.D. McNamara
L. Fréchette	R.P. Kirby	J.A. McNee
C.A. Freele	N. Kirschberg	M. Mermansen
R. Frenette	B.C. Kuhnke	J.C. Metcalfe

J. Fried	E.J. Kuhnke	J.D. Noonan
G. Friesen	C. Labelle	V. Northgrave
J.L. Fry	F.J. Laberge	R. Noyes Roberts
B. Fulford	J-L. Laberge	S.A. Nutting
D.W. Fulford	M. Lahaie	T.M.G. O'Hara
B.A. Gagosz	M.W. Lambert	C. Pelletier
F. Galarneau	M. Landeryou	C. Perreault
J.D. Gardner	V.J. Lapierre	J. Perreault
C.A. Gauer	G.L. Latimer	J.M. Perreault
G.K. Geitzler	E.J. Laughren	S.P. Perreault
M. Gervais	G. Laurin	A.C Perron
I. Giesebrecht	M. Lavoie-Abate	R.W. Poetschke
T. Gilles	A.S. Leahey	A. Pollack
J.G. Giroux	L.H. Leduc	D.D. Potheary
J.L. Gitterman	R.W. Leduc	A. Potvin
B. Goldberg	R.E. Legault	A. Power
D.N. Goresky	J. Legg	J.G. Price
L-A. Grandbois	J.C. Legg	D. Rasmussen
R.A. Grauer	M. Lemay	K. Reich
T.D. Greenwood	M.C. Lemieux	D. Rémillard-Lalande
V. Guébels	M.G. Lemieux	R.J.P. Renaud
N. Haffey	M. Leroux	H. Rickman
P.L. Hahn	K.W. Lewis	M.M. Riley
I.M. Hall	W.G. Licari	S. Roger
R.R. Halpin	P.A. Lilius	A. Rogers
E. Hancock	R.R.M. Logie	C.F. Rogers
H. Hanna	S.L. Logie	P.J. Roué
A.P.P. Hardy	T.P. Lonergan	R. Rousseau
S. Hardy	D.H. Maas	W.N. Russell
L. Harman	J. MacDowall	R.G. Sandor
R.E. Harris	R.W. Mackay	J.F. Stansfield
S.G. Harris	J. MacNab	W.O. Staples
G. Hazen	G.E. Madden	M.S. Stegelman
J.E. Hellman	J.M. Maffet	D.D. Steidle
K.G.J. Hentschel	Y. Margraff	C. Swords
D.E. Hobson	E.J.A. Martel	R.M. Tait
J.D. Holbrook	N. Martel	L.-P. Tardif
J. Holm	P. Martin	R.J. Taylor
A.V. Howe	W. Matchett	M. Turcotte
V.E. Howe	J. Matheson	J.F. Templeman
J.D. Hughes	R.W. Matheson	R. Thibault
W.D. Hutton	C. Metrakos	E.M. Thibert
G.P. Scott	R.M. Middleton	R.B. Thornton
J.P. Shannon	C.D. Miller	J.Y. Tremblay
J.R. Sharpe	J. Milnes	L. Tremblay
J.A. Sims	A.M. Moreau	J.Y. Tremblay
C.J.R. Sirois	M-L. Morin	L. Tremblay
I. Skuja	G. Morrison	M.M.L. Trottier-Johnson
D.A. Smith	P. Morrison	F.J. Tufts
A. Smoothy	R.A. Nauman	M.A. van der Starren
J.E.S. Sparks	R. Newton	P.A. van Brakel
R.P.A. Stainforth	N. Nicolaou	G.M. Vasquez

S.J. Veck	D.A. Washbrook	D. Whiteside
A. Versteegh	B.K. Watson	A.R. Wright
J.A. Versteegh	J. Watson	D.S. Wright
R.J. Verville	D.C. Webb	R.J. Yelle
R.A. Vineberg	P.S. Webster	R.D. Yerrell
J.V. Visutskie	W.M. Weynerows	J.M.A. Zawisza
K. Wakeham	M.H. White	J.M. Zinni
	G.E. Whitehead	

Group Submissions

Atlanta, Spouses
 Bonn, Administrative Support Staff Spouses
 Bonn, Communicators
 Bonn, FS-1 and FS-2 Officers
 Bonn, Officers' Spouses
 Bonn, Secretaries
 Bonn, Single Assignment Officers
 Bonn, Parents Working Group
 Bridgetown, Employees and Spouses
 Brussels, Administrative Support Staff Spouses
 Brussels, Guards
 Bucharest, Administrative Support Staff
 Bucharest, Officers
 Bucharest, Spouses
 Cairo, PAFSO and PSAC Members
 Cairo, Spouses
 Geneva, Secretaries
 Geneva, Spouses
 Havana, Spouses
 Jakarta, Secretaries
 London, Clerks
 London, Communicators
 London, Secretaries
 London, Officers on Single Assignment
 London, Technicians
 Madrid, Embassy Staff
 Moscow, Department of National Defence Personnel
 Moscow, Administrative Support Staff
 Moscow, Administrative Support Staff
 Moscow, Officers' Spouses
 Moscow, Secretaries
 Moscow, Non-Management Officers
 Nairobi, Officers' Spouses
 Nairobi, Senior Officers
 New Delhi, Administrative Support Staff
 New Delhi, CEIC Officers
 New Delhi, Post Report Revision Committee

Ottawa, Foreign Service Officers
Ottawa, Foreign Service Women
Ottawa, Management Excluded Trade Commissioners
Ottawa, Secretaries
Ottawa, Secretaries
Ottawa, Secretaries
Paris, Administrative Support Staff
Paris, Employees
Paris, Secretaries
Paris, Spouses
Paris: OECD, Officers and Administrative Support Staff
Port-au-Prince, Employees and Spouses
Port-au-Prince, Spouses
Rome, Spouses
Strasbourg, Consulate General Staff
Sydney, Officers
Tokyo, Officers
Vienna, Spouses
Warsaw, Administrative Support Staff
Warsaw, Officers
Warsaw, Spouses

Departments, Agencies and Associations

The following organizations made formal submissions to the Commission or otherwise communicated their views to us.

Alberta Department of Federal and Intergovernmental Affairs
Atomic Energy of Canada Limited
Agriculture Canada
Bank of Canada
Canada Council
Canadian Commercial Corporation
Canadian Export Association
Canadian International Development Agency
Canadian Teachers' Federation
Canadian Wheat Board
Communications Canada
Employment and Immigration Canada
Environment Canada
External Affairs Canada
Finance Canada
Fisheries and Oceans
Foreign Investment Review Agency
Foreign Service Communicators
Foreign Service Community Association
Health and Welfare Canada
Industry, Trade and Commerce
International Joint Commission

Justice Canada
Labour Canada
National Defence
National Energy Board
National Film Board
Newfoundland Intergovernmental Affairs Secretariat
Northwest Territories Elected Executives
Ontario Department of Intergovernmental Affairs
Professional Association of Foreign Service Officers
Public Service Alliance of Canada
Québec Ministry of Intergovernmental Affairs
Revenue Canada
Statistics Canada
Supply and Services Canada

Submissions from the Public

A.J. Andrew
J. Besso
C.L. Brown-John
J.H. Carnie
D.H. Clemons
D.M. Goltman
L.C. Green
C. Hughes
C.M. Lewis
R.R. Nash
F. Palmer
J.R. Pickering
R.G. Smith
J.E. Stevenson
P. Trueman

MEETINGS OF THE COMMISSION

Ottawa/Hull

The Commissioner and/or staff members met with the following, either in groups or individually, between 2 September 1980 and 9 October 1981:

A. Amyot, Security Committee, Foreign Service Community Association (FSCA)

M.T. Arnold, former foreign service spouse

J. Asselin, Director General, Bureau of Consular Affairs, Department of External Affairs (DEA)

J.S. Baker, Acres International Limited, Canadian Export Association (CEA)

Dr. P.G. Banister, Consultant Pediatrician, Office of the Assistant Deputy Minister, Health and Welfare Canada (HWC)

W.H. Barton, Special Adviser to the Under-secretary of State for External Affairs

C. Bassett, Director General, Personnel and Administration Branch, Canadian International Development Agency (CIDA)

W.E. Bauer, Canadian Ambassador to Korea

M-A. Beauchemin, Director, Personnel Operations Division, DEA and Special Adviser to the Under-secretary on the Status of Women

M. Beaudry-Somcynski, Working Spouses' Committee, FSCA

J.A. Beesley, Ambassador to the Third United Nations Conference on the Law of the Sea

Dr. J. Besso

E.J. Bergbusch, Director, African Affairs Division, DEA

J. Bergbusch, Education Committee, FSCA

J.P. Bell, Director, Personnel, Trade Commissioner Service (TCS)

J.B. Bissett, Director General, Bureau of Immigration Affairs, DEA

G.D. Bissonnette, Secretary of State Department

Dr. L.M. Black, Assistant Deputy Minister, Medical Services Branch, HWC

D. Bresnahan, Director General, Bureau of Finance and Management Services, DEA

Dr. H.B. Brett, Regional Director, Overseas Regional Headquarters, HWC

B. Brodie, Chief, Personnel Administration Division, Foreign Branch, Employment and Immigration Canada (CEIC)

D. Brown, Privy Council Office (PCO)

K.C. Brown, Chairman, Refugee Status Advisory Committee, CEIC

R. Brown, President, FSCA

C.L. Brown-John, Professor, Department of Political Science, University of Windsor

C. Browne, DEA

V. Bryce, Health Committee, FSCA

E.M. Burgess, DEA

T.M. Burns, President, CEA

J. Cameron, DEA

J.J. Carson, Dean, Faculty of Administration, University of Ottawa
 M.Y. Catley-Carlson, Acting President, CIDA
 M. Chandler, Royal Commission Co-ordinator, FSCA
 L. Chapin, Education Committee, FSCA
 L. Clark, past President, Professional Association of Foreign Service Officers (PAFSO)
 S. Cloutier, Chairman and President, Export Development Corporation
 M. Collette, Working Spouses' Committee, FSCA
 C. Corning, Education Committee, FSCA
 L. Couillard-Grenier, Working Spouses' Committee, FSCA
 P.J. Cousineau, Assistant Regional Director (Finance and Administration) Overseas Regional Headquarters, HWC
 B. Cox, Pensions Committee, FSCA
 J. Crean, Chairman of the Executive Committee, Canadian Institute of International Affairs
 C. Dan, Service Officer, National Component, Public Service Alliance of Canada (PSAC)
 W.T. Delworth, Assistant Under-secretary of State for External Affairs (Asia and the Pacific)
 M. de Salaberry, DEA
 D.J. Desjardins, Acting Director, Prices Division, Statistics Canada
 B.J. Dexter, Australian High Commissioner
 P.C. Dobell, Director, Parliamentary Centre for Foreign Affairs and Foreign Trade
 L. Douglas, Working Spouses' Committee, FSCA
 F.R. Drummie, Deputy Secretary (Personnel Policy Branch), Treasury Board Secretariat
 M. Eason, DEA
 D.R. Edmison, Canadian Refractories, CEA
 J. Edwards, Commissioner, Public Service Commission of Canada
 A.T. Eyton, Director General, TCS
 M. Ferland, Assistant Auditor General of Canada
 C.F. Fincham, CEA
 P.N. Fodor, Electrovert Limited, CEA
 R. Fowler, Assistant Secretary to the Cabinet (Foreign and Defence Policy), PCO
 L. Fucil, Executive Secretary, National Component, PSAC
 J. Gagnon, Senior Executive Vice-President, Aluminum Company of Canada and Chairman, Canadian Manufacturers' Association
 E. Gallant, Chairman, Public Service Commission
 G.W. German, Noranda Sales, CEA
 J. Gould, Education Committee, FSCA
 R. Goulet, CEA
 R.V. Gorham, Assistant Under-secretary of State for External Affairs (Latin America and the Caribbean)
 A.E. Gotlieb, Under-secretary of State for External Affairs

J. Hage, Working Spouses' Committee, FSCA
 L. Harman
 R. Hatch, Chairman, Export Development Board
 D. Haynal, Education Committee, FSCA
 B. Heatherington, Health Committee, FSCA
 J. Hentschel, CEIC
 D. Hilton, Special Policy Adviser, Secretariat of the Interdepartmental Planning and Preparations Committee, DEA
 P. Hooper, Security Committee, FSCA
 V. Hynes, Education Committee, FSCA
 J. James, Deputy Registrar of Citizenship, Secretary of State Department
 P. Jewett, M.P.
 R. Johnstone, Deputy Minister of Industry, Trade and Commerce
 M. Karsgaard, Role of Spouse Committee, FSCA
 A. Knox, Working Spouses' Committee, FSCA
 A. Kroeger, Deputy Minister of Transport
 M. Landeryou, DEA
 Dr. J. Larivière, Assistant Regional Director, Overseas Regional Headquarters, HWC
 D. Larkin, National Director for Countries outside Canada, PSAC
 J-P. Lefebvre, Assistant Under Secretary of State
 L.H. Legault, Legal Adviser and Director General, Bureau of Legal Affairs, DEA
 M. Leroux, DEA
 J. Lizé, DEA
 C. Lloyd, Education Committee, FSCA
 J.D. Love, Deputy Minister/Chairman, Employment and Immigration Canada
 Hon. E. Lumley, P.C., M.P., Minister of State for Trade
 Prof. P.V. Lyon, School of International Affairs, Carleton University
 A. Luxton, DEA
 B.J. Lynch, Acting Director General for Economic Statistics, Statistics Canada
 Hon. M. MacGuigan, P.C., M.P., Secretary of State for External Affairs
 T. McLaine, foreign service spouse
 B.R. Machum, Spar Aerospace Limited, CEA
 K. MacLellan, Head of the Office of Evaluation and Audit, DEA
 J. MacNaught, Chairman of the Foreign Service Directives Sub-committee, National Joint Council
 J.M. Maffett, CEIC
 C.J. Marshall, Director General, Bureau of Information, DEA
 M. Massé, President, CIDA
 K. McCallion, President, Professional Association of Foreign Service Officers
 L. McCardle, Pensions Committee, FSCA
 W. McWhinney, Senior Vice-President, CIDA
 J.L. Manion, Secretary of the Treasury Board
 de M. Marchand, Associate Under-secretary of State for External Affairs
 D.N. Mason, Counsellor, United States Embassy
 W. Matchett, DEA

J-M. Métivier, Director, Financial Institutions Division, Multilateral Programs Branch, CIDA
 J.R. Midwinter, Inspector General for Foreign Operations
 D. Miller, Director General, Bureau of Personnel, DEA
 D. Molgat, Deputy Under-secretary of State for External Affairs
 J. Molgat, Role of Spouse Committee, FSCA
 J.D. Moore, CEA
 A. Morgan, Head, Policy and Planning Section, Personnel Operations Division, DEA
 H.R. Morgan, Director, Policy, Contract and Financial Management Division, DEA
 R.D. Morgan, Montreal Engineering Co. Ltd., CEA
 T. Olahan, Canadian Embassy, Brasilia
 G.F. Osbaldeston, Secretary, Ministry of State for Economic Development
 L.J. O'Toole, Assistant Secretary, Treasury Board Secretariat
 M. Parry, DEA
 L. Pearson, Past President, FSCA
 D. Peel, Security Committee, FSCA
 N. Pelletier, Education Committee, FSCA
 P.M. Pitfield, Clerk of the Privy Council and Secretary to the Cabinet
 R.K. Plowman, Director General, Bureau of Physical Resources, DEA
 A. Polman, Security Committee, FSCA
 A. Power, DEA
 E.A. Price, Canpotex Ltd., CEA
 J.W. Quinn, Assistant Secretary (General Personnel Management), Treasury Board Secretariat
 R.L. Richardson, Deputy Secretary (Program Branch), Treasury Board Secretariat
 Hon. J. Roberts, P.C., M.P., Minister of the Environment and Minister of State for Science and Technology
 G. Robertson
 H.B. Robinson, Special Adviser to the Secretary of State for External Affairs
 H.G. Rogers, Comptroller General of Canada
 E.R. Rowe, Deputy Auditor General of Canada
 J. Ruddock, Security Committee, FSCA
 O. Ryan, Education Committee, FSCA
 C. Scott, Health Committee, FSCA
 J.B. Seaborn, Deputy Minister of the Environment
 G.W. Seymour, Director, Staff Relations and Compensation Division, DEA
 M. Seymour, Role of Spouse Committee, FSCA
 N. Shearer, DEA
 M. Shenstone, Assistant Under-secretary of State for External Affairs (Africa and the Middle East)
 M. Sigurdson, Education Committee, FSCA
 G.S. Simpson, Section Head, Government Allowance Indexes Section, Statistics Canada
 W.E. Sinclair, Counsellor, Canadian Mission, Hong Kong

C. Sirois, Permanent Mission of Canada to the Office of the United Nations at Geneva, and to the Conference of the Committee on Disarmament
 B. Smith, Health Committee, FSCA
 Dr. D. Smith, Canadian High Commission, Port-of-Spain
 G.S. Smith, Associate Secretary to the Cabinet
 J. Smith, Working Spouses' Committee, FSCA
 R.C.G. Smith, former member of the foreign service
 J. Starnes, former member of the foreign service
 G.E. Steele, President, Canadian Association of Broadcasters
 B.C. Steers, Assistant Deputy Minister, Trade Commissioner Service and International Marketing, Industry, Trade and Commerce
 G.H. Stewart, Director, Immigration Post Operations
 A. Szlazak, Commissioner, Public Service Commission
 D. Thibault, Education Committee, FSCA
 P. Thompson, CIDA
 B. Treleaven, Role of Spouse Committee, FSCA
 V.G. Turner, Secretary General, Interdepartmental Secretariat, Committee of Deputy Ministers on Foreign and Defence Policy
 D. van Beselaere, Correspondence Secretary, FSCA
 Hon. G.C. van Roggen, Chairman, Senate Committee on Foreign Affairs
 K. Wakeham, DEA
 H. Wall, Education Committee, FSCA
 W.K. Wardroper, Director General, Bureau of Communications and General Services, DEA
 A. Weekes, Education Committee, FSCA
 M. Williams, Director, Staff Planning and Development Division, CIDA
 J.A.M. Wilson, Canadian General Electric Limited, CEA
 R.G. Woolham, Director (Finance and Administration), TCS
 S. Yendall, Working Spouses' Committee, FSCA
 R.D. Yerrell, DEA
 R.J. Young, Commissioner, Australian Public Service Board
 P. Ziska, DEA

Outside Ottawa/Hull

The Commissioner and/or staff met with the following groups and individuals outside the National Capital Region.

Amsterdam	— Members of the Canadian foreign service community — Representatives of the Dutch Ministry of Foreign Affairs
Bangkok	— Members of the Canadian foreign service community
Bonn	— Members of the Canadian foreign service community
Brussels	— Members of the Canadian foreign service community — Representatives of the Belgian Ministry of Foreign Affairs — Senior managers of Canadian missions
Bucharest	— Members of the Canadian foreign service community
Buenos Aires	— Members of the Canadian foreign service community
Cairo	— Members of the Canadian foreign service community — Members of diplomatic missions of other countries

Copenhagen	— Members of the Canadian foreign service community — Representatives of the Danish Ministry of Foreign Affairs
Dacca	— Members of the Canadian foreign service community
Delhi	— Members of the Canadian foreign service community
Geneva	— Ambassador Engblom, Head of Commission of Inquiry on Sweden's Diplomatic and Consular Service — Members of the Canadian foreign service community
Georgetown	— Members of the Canadian foreign service community
Guatemala	— Members of the Canadian foreign service community
Havana	— Members of the Canadian foreign service community
Hong Kong	— Members of the Canadian foreign service community — Representatives of the Canadian foreign service community in Seoul, Australia and New Zealand
Jeddah	— Members of the Canadian foreign service community
Kingston	— Members of the Canadian foreign service community — Representatives of the Canadian foreign service community in Bridgetown and Port-au-Prince
Kinshasa	— Members of the Canadian foreign service community — Representatives of the Canadian foreign service community in Salisbury
Lagos	— Members of the Canadian foreign service community
Lima	— Members of the Canadian foreign service community
London	— Members of the Canadian foreign service community — Senior managers at the High Commission — Foreign and Commonwealth Office officials — Sir Kenneth Berrill, former head of the Central Policy Review Staff, Cabinet Office
Madrid	— Members of the Canadian foreign service community
Manilla	— Members of the Canadian foreign service community
Mexico City	— Members of the Canadian foreign service community
Mont Ste-Marie	— Colloquium on the Role of the Foreign Service
Moscow	— Members of the Canadian foreign service community
Nairobi	— Members of the Canadian foreign service community
New York	— Members of the Canadian foreign service community
Oslo	— Members of the Canadian foreign service community — Representatives of the Norwegian Ministry of Foreign Affairs
Paris	— Members of the Canadian foreign service community — Representatives of the Canadian foreign service community in Strasbourg, Bordeaux and Marseilles — Representatives of the French Ministry of Foreign Affairs
Peking	— Members of the Canadian foreign service community
Port of Spain	— Members of the Canadian foreign service community
Rio de Janeiro	— Members of the Canadian foreign service community
Rome	— Members of the Canadian foreign service community
San Jose	— Members of the Canadian foreign service community
Santiago	— Members of the Canadian foreign service community
Singapore	— Members of the Canadian foreign service community — Representatives of the Canadian foreign service community in Kuala Lumpur and Jakarta
Stockholm	— Members of the Canadian foreign service community — Representatives of the Swedish Ministry of Foreign Affairs
Tel Aviv	— Members of the Canadian foreign service community — Representatives of the Israeli Ministry of Foreign Affairs

Tokyo	— Members of the Canadian foreign service community
	— Representatives of the Japanese Ministry of Foreign Affairs
Vancouver	— Heads of Post in the Pacific Region:
	R. Anderson J.R. Francis
	J.A. Beesley M. Gauvin
	L.M. Berry I. Johnson
	F. Bild A.R. Menzies
	E.L. Bobinski W.H. Montgomery
	D.H. Burney B.I. Rankin
	T. Delworth W. Warden
Vienna	— T. Copithorne, Foreign Service Community Association Mobility Study Group
Warsaw	— Members of the Canadian foreign service community
Washington	— Canadian foreign service spouses
	— L. Dorman and P. Ryan, American Association of Foreign Service Women
	— N. Fraser, Canadian foreign service spouse
	— J. Lloyd, Founding Director, Family Liaison Office
	— Members of the Canadian foreign service community
Washington	— Mental Health Unit, Department of State
	— Officials of the Family Liaison Office
	— Officials of the US Department of State
	— F. Silberstein Director, Overseas Briefing Centre, Foreign Service Institute
	— B.H. Read, Under-secretary of State, Management

STAFF OF THE COMMISSION

Executive Secretary

J.G. Valiquette

Senior Advisors

D.J. Kealey
M.-C. Lemieux
E.A. Robillard
D.M. Stockwell

Advisors

L.J. Andras
M.R. Morin
W.M. Porterfield
D.J. Ryan
B.J. Stewart
C.M. Tovee

Staff Members

D.H. Attfield	Secretary	T.J. Ladouceur	Researcher
B.C. Brett	Researcher	J-G. Lafrance	Messenger
H.S. Butler	Administrative Officer (July 1, 1981)	P.J. Lemieux	Report Co-ordinator
R.E. Carrière	Administrative Officer (September 1980 - July 1, 1981)	L. Makhoul	Word Processing Operator
L.M. Champagne	Secretary	G.A. Molloy	Researcher
L.J. Cronk	Secretary	S.L. Olson	Secretary
D.C. Dixon	Secretary	K.D. O'Shea	Researcher
D. Hartling	Researcher	S.T. O'Shea	Researcher
P.S. Hunt	Researcher	B.J. Roeske	Researcher
D.J. Johnson	Secretary/Word Processing Operator	M.J. St-Pierre	Researcher
R.J. Kinley	Researcher	T.K.P. Toten	Researcher
		A.L. Yensen	Secretary

Translators

A. Chagnon
P. Chagnon
L. Gouadec
J. Groulx
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Consultants

S. Baer
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B.D. Rubin
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